FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 177 *12 September 1978*

INTER-AMERICAN AFFAIRS

Group of 77 Seeks Financial Reserve for Third World A 1 1/A5

CHILE

Pinochet Addresses Nation on Coup Anniversary E 1 1/A6

COLOMBIA

Turbay Outlines Economic Platform at ANDI Ceremony F 1 1/B11

ECUADOR

CFP Denies Alleged Collusion With U.S. Embassy G 1 1/B14
Electoral Fraud Alleged; Bomb Attacks Reported G 1 1/B14
CFP Leader Appeals to Armed Forces, Civilians G 2 1/C1

PARAGUAY

Two Political Detainees Reported Released [ABC COLOR 8 Sep] H 1 1/C2
Opposition National Front Holds First Meeting [ULTIMA HORA 9 Sep] H 1 1/C2
Briefs: Purchase of Japanese Vessels H 1 1/C2

PERU

Banking Employees Suspend Strike Following Talks J 1 1/C3
Colombian Newsman Fanjul Released by Peruvian Kidnapers J 1 1/C3
Prime Minister Comments on Political Consolidation J 1 1/C3

CENTRAL AMERICA

COSTA RICA

Calderon Fournier Announces Possible Regional Summit P 1 1/C4
Ministers Will Discuss Nicaragua P 1 1/C4
Government Reportedly Not Interceding in Favor of Somoza P 2 1/C5

EL SALVADOR

Police Capture Two of Bjork's Kidnapers P 2 1/C5

GUATEMALA

Government Opposes OAS Meeting on Nicaraguan Situation P 3 1/C6

NICARAGUA

National Guard Launches Counteroffensive in Masaya P 3 1/C6
Guard Claims Victory P 3 1/C6
Government Claims Control of Leon; Fighting Still Reported P 4 1/C7
Communique Claims FSLN Controls Most of Chinandega P 4 1/C7
Calm Reported in Managua; Fighting in Other Cities P 4 1/C7
Red Cross Reports 29 Dead, 45 Wounded Nationwide P 5 1/C8
FSLN's Pastora Says 1,100 Guerrillas Opposing Somoza P 5 1/C8
Rebels Enter Country, Crossing Northern, Southern Borders P 6 1/C9
Mercenaries Arrive To Join Somoza Forces P 6 1/C9
Somoza Grants Interview to Madrid 'ABC' [8 Sep] P 7 1/C10
Sandinists Issue War Communique No 5 P 9 1/C12
Banks Impose Unofficial Currency Restrictions P 9 1/C12
Inter-American Human Rights Commission To Visit P 10 1/C13

BRIEFS

Costa Rican Loan Agreement P 10 1/C13

CUBA

Details of Castro, Suarez Press Conference Reported Q 1 1/C14
Spanish-Cuban Joint Communique Published by GRANMA Q 1 1/C14
Prime Minister Suarez, Delegation Depart Q 1 1/C14
Venezuelan Oil To Be Imported in Four-Sided Arrangement Q 2 1/D1
U.S. State Department Condemns Bombing of UN Mission Q 2 1/D1
Angolan Construction Minister Tours Pinar del Rio Q 2 1/D1
Fidel Castro Meets With Angola's Antonio dos Santos Franca Q 2 1/D1
Dos Santos Leaves Q 3 1/D2
Mozambique Delegation Visits Livestock Breeding Farm Q 3 1/D2
Guebuza Meets Raul Castro Q 3 1/D2
Perez Herrero Closes Allende, Chile Solidarity Night Q 3 1/D2

PrEx 7.10:FBIS-LAT-78-177

FBIS-LAT-78-177
Tuesday
12 September 1978
Vol VI No 177

DAILY REPORT

COMPLETED
ORIGINAL

LATIN AMERICA

Available for Distribution
From NTIS

FBIS FOREIGN BROADCAST INFORMATION SERVICE

This publication contains current news and commentary monitored by FBIS from foreign broadcasts, news agency transmissions, newspapers, and periodicals. Items are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign-language sources are translated by FBIS. Those from English-language sources are transcribed, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS. Labels such as [Text] or [Excerpts] in the first line of each item indicate how FBIS processed the information from the original. Names rendered phonetically or in transliteration are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clearly heard but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source.

Users of this publication may cite FBIS provided they do so in a manner clearly identifying it as the secondary source. For example: "FBIS reports that Radio Moscow announced . . ." or "FBIS has monitored a broadcast from Hanoi which says . . ."

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

GROUP OF 77 SEEKS FINANCIAL RESERVE FOR THIRD WORLD

PY091900Y Paris AFP in Spanish 2003 GMT 8 Sep 78 PY

[By Bertrand Bellaigue]

[Text] Buenos Aires, 8 Sep (AFP)--Observers said today that Europe and the Third World are seeking a compromise of their positions at the UN conference on technical cooperation among developing countries. The Group of the 77--which comprises 116 developing countries--explained their plan of action for technical cooperation to the representatives of the European Economic Community. The representative of one of the European countries told AFP that they have given proof of good will. They have, however, been reluctant to explain their own position. The two blocs are now seeking a compromise solution that will satisfy the developing countries and respect the juridical structures of the United Nations.

The proposals of the Group of the 77 can be summarized in three points: 1. The creation of an intergovernmental organization similar to the UN Development Program [UNDP], extended to all UN members. That organization would function as a parallel assembly which would gather outside the regular UN sessions to develop general policy guidelines. 2. Within the UNDP a special unit should occupy itself with formulating cooperation programs, examining ways of financing them and following the progress of the regional programs. 3. Financial and technical aids should be separated from the special contributions that are aimed at promoting cooperation within the UNDP framework. Financial aid from the developed countries should increase.

Representatives of the Group of the 77 explained to their European counterparts that the developing countries are not satisfied with the UNDP Administrative Council which, they say, is not sufficiently representative.

Therefore, they wish that the program be extended to all UN members. According to evidence gathered by AFP, these proposals are not acceptable to the European countries in their present state.

The creation of a special unit with its own decisionmaking power has been the subject of objections, because it would be tantamount to creating a new UNDP within the UNDP. The European countries cannot accept that proposal for both administrative and juridical reasons. The suggestion to have recourse to special contributions for cooperation projects would require the creation of a supplementary special fund, and the Europeans firmly oppose that idea. The observers added that the proposals of the developing countries contradict the current trend in the United Nations to avoid the formation of any new organization that would entail an aggravation of UN budget difficulties.

On the other hand, it would be possible to maintain the functions of the intergovernmental Committee which would be responsible for submitting a yearly report to the UN General Assembly through the UNDP or the Economic and Social Council. This proposal was made to the Third World countries by the European countries during meetings held outside the conference framework. If that proposal is accepted by the developing countries, it is possible that the Economic and Social Council would assume the responsibility for the new economic order proposed by the conference.

In view of the fact that the Third World is a minority in the council, made up of 57 countries, it would, however, be beneficial for it to broaden its membership. This second proposal tries to achieve a compromise that will otherwise not be reached in Buenos Aires. In that case, the problem will be submitted to the UN General Assembly, according to AFP's sources.

PINOCHET ADDRESSES NATION ON COUP ANNIVERSARY

PY112000Y Santiago Chile Domestic Service in Spanish 2300 GMT 11 Sep 75 PY

[Text of speech to the nation by Chilean President Augusto Pinochet from the Diego Portales building in Santiago, Chile--live]

[Excerpt] On a morning like this 5 years ago the country was broken throughout its territory by the action of the Chilean Armed Forces, which patriotically broke the chains which had subdued the whole country for 1,000 days under a totalitarian Marxist-Leninist oppression aimed at implementing a communist tyranny.

At this same hour on 11 September 1973, the armed and security forces, under the leadership of their high-ranking officers, recovered the sovereignty of Chile and its children, thus having to face those who, from the government, had tried to annihilate forever the basic principles of Chilean institutionality. This liberating action, which was born out of the very heart of all the members of the Chilean Armed Forces, was not achieved, however, with the mere presence of the armed forces but involved confronting groups which had been armed and trained for civil war, a war which was systematically planned and which was very likely to occur. That is why, despite the quick action, the struggle left dozens of casualties among our soldiers who defended the authentic national being.

In recalling this fifth anniversary of that historical day, the hearts of Chileans are touched again and are filled with faith in a fully promising future. Civilians were not absent from the decision taken by the military command, since they were expecting this as the only possibility to successfully culminate a heroic struggle (?which is part of self-defense). Women, youngsters, workers in general, had stoically suffered those 3 years of Marxist-Leninist aggression. It is not strange, then, that the unity of goals of armed men and civilians was sealed forever in that glorious September event.

While addressing the country today, I think that the fifth anniversary of the national liberation is an appropriate time to study the path we have experienced over these years and compare the present situation with the situation which we inherited and the one that is prevailing today in most of the world.

I feel sure that the conclusions of a calm review in this regard will be very positive, and this must be recorded in history when the injustices which are usual in human passions are overcome and this period of 5 years ends with true security.

How different the picture would have been if the totalitarian aggression had been successful: Those who do not realize the situation in the country today are those who either have a very bad memory or forget Plan Z, including the 30,000 weapons and explosives which we found, or those who fell in the 11 September action. Apparently they believe that the action was to deliver the government to them, which would have meant a worse situation than the 1973 situation.

How painful it would be for us if Chile had to live in the sordid and degrading world of so many slave nations under red totalitarianism, countries in which years turn into centuries and hope is restricted until it turns into a distant illusion destroyed by an implacable reality.

When we took the leadership of the nation we received a country split apart by hatred, violence and political anarchy, together with the worst economic and moral chaos in our history, a situation which all democratic sectors admitted would take many years to be overcome.

Today, in clear contrast with his background and also with the picture seen in many other countries, we can feel sure that this 5-year period of military government will be studied and recalled as one in which Chile recovered the road to unity, social peace, respect and order--the type of peace which is a must to recover the essence of the national soul, to reestablish faultless administrative morality and to lay the basis for firm and sustained economic and social progress, realities which we can today present as unquestionable achievements.

The situation we have just depicted does not mean that those years have not had their share of material hardship for the citizenry. Our struggle against aggression from outside and subversion from the inside was relentless. However, nobody can in good faith deny that we have not kept our loyalty to the objectives of the national liberation and that with the joint effort of the Chilean people and government we have overcome the difficulties. Thus we have had the satisfaction of consolidating a country which is now great, free and just. [applause] So we feel that on 11 September 1975 we began to blaze a creative path from which we will not retreat until we reach the goal urging onward a race of people who never did and never will surrender their pride.

The worst difficulties which our country has had to face in these past years came from the outside in the form of a broad campaign manipulated by Soviet imperialism. The situation thus created was exploited to brand the current government as the follower of an international policy supposedly ideological and supposedly intended to impose the world's latest of anticommunism. That fallacy imposes on us the obligation to point to the real causes of the difficulties we have experienced. The current government of Chile has flatly refuted any allegations that it aspires to such leadership even within its own territorial borders, or that it proposes formulas or universal validity. This attitude is reflected in the declaration of principles issued on 11 March 1974, 6 months after taking the reins of government.

Consequently, we have continuously stated that our invariable anti-Marxist position is the sovereign response appropriate to our reality and to our concept of man and society inherent in the national character, and that the attempt to destroy this was the cause of our bitter experience during the 1970-73 period. But at the same time we have invariably sustained that such an attitude can go hand in hand, without any difficulty, with a nationalist and pragmatic foreign policy based on universally accepted principles and on Chile's permanent interests.

So we have maintained relations with any country which does not intend to interfere in our internal affairs. The experience confirms that we were able to maintain cordial relations with several nations ruled by regimes doctrinarily different. What has happened is that, contrary to usual affirmations, Chile has been the target of international aggression clearly motivated by politics and ideology whose real character we must denounce as being crudely disguised under humanitarian motives and appearances.

If our country has rejected the Soviet line and has noted the contradictions of many Western democracies, it has done so in defense of its own sovereignty, not just to stir up trouble with other nations or to upset peaceful international coexistence. The root of the confusion grew during the two previous governments which had not only continental but worldwide connections to carry out an experience which attracted the attention of international theoreticians and proponents of each particular brand of revolution.

Therefore, it is logical that those political [illegible] presented the so-called structural reforms [illegible] alternative to Marxism and which were then [illegible] to socialism--which the previous adventure might [illegible] with the indignation of one who sees a lab experiment [illegible] own political goals, thwarted. Therefore, [illegible] the present one, which bred fears of [illegible] one considers that they were led [illegible] organized ideologies with the political and [illegible] generates. There lies the cause for the [illegible] foreign relations, which explains the [illegible] have been victim. This campaign would not [illegible] a precedent which [word indistinct] and which [illegible] responsible for it, thus making them the [illegible] majority of Chileans. [applause]

Despite these obstacles, Chile has undertaken [illegible] in every international forum and entity, thus [illegible] peace and progress for all peoples.

Always loyal to its word, our government accepted [illegible] group of the UN Human Rights Commission, [illegible] scope of their work and their rules of procedure, conditions which were termed essential in my speech of 21 December 1977 during which I called for a national referendum. Since Chile was the first nation in the world to accept a visit by a commission of that nature, this confirms its esteem for the dignity of man and for international agreements which guarantee human rights. At the same time, it challenges and reminds the United Nations and its members not to allow governments which [illegible] violate human rights to persist in accusing [illegible] their situations. We trust that the working group's report will adjust itself to the truth. But in any case, we have shown our good will in this delicate matter.

During the last Organization of American States [OAS] assembly, our foreign minister reiterated concern about the virtual stagnation of that organization. I had the opportunity of personally expressing this concern here in Santiago in June 1976 when inaugurating the sixth period of ordinary sessions.

However, the crisis in cooperation between the United States and Latin America, as well as local suspicions and misunderstanding which separate the latter, prevent us from having a collective and influential voice in the decisions which affect the community of nations.

When the Middle East conflict and the blatant Soviet-Cuban intervention in Africa darken the international panorama, and when monetary disorders, worldwide inflation and recessions in industrialized countries result in protectionist measures which seriously hinder the progress of developing nations, the voice of Latin America does not weigh heavily in international circles and it becomes the continent which is cut off by the facts of world power. Once more Chile emphasizes the urgent need [illegible] on the gravity of this situation, and the necessity to find ways to solve this situation together.

On the level of international relations, our position has been improving constantly as a result of the gradual and increased knowledge of our true situation, in which political stability, personal safety and the renowned success of our economic strategy stand out. This has been reflected in a better understanding on the part of various West European nations and in a significant improvement in our relations with countries of the so-called Third World. In addition this is reflected by a growing development of our bonds with China, to which we give particular importance because of its status as a world power, and with Japan, with which we also have strong and important bonds linking us across the Pacific Ocean, the great vehicle of cultural and commercial development.

The recent visit of a Chilean delegation to Rome to attend the inauguration at which Pope John Paul I officially initiated his universal leadership of the Catholic Church, holds special importance for Chile due to the honor, affection and respect which the pope inspires throughout the world, as well as the importance which the Vatican today holds as a moral force capable of strengthening the roads to brotherhood among men of peace and peace among peoples.

Our relations within the United States of America have always merited special attention because of the common ideals which we have traditionally shared with that nation as part of Western and Christian civilization to which we both belong. However, we could not hide the fact that the resurgence of interventionist tendencies under a new guise, which today dominate influential power circles and public opinion in the United States, have not favored relations worthy of sovereign states. We harbor the hope that certain indications of change in this respect will in the future dissipate the misunderstandings which have prevented our bilateral relations from being as close and fruitful as Chile would hope.

We assign great importance to the fact that the two governments will not allow the investigations related to the damnable murder of Mr Orlando Letelier to slide from the judicial sector, which is where they should be, to the political field by which interested groups have sought to push the two countries.

From the beginning, together with repudiating the crime, the Chilean Government has taken all the necessary measures to cooperate in clearing up the case. I have already mentioned this in my speech of 5 April 1978. This is the way a president behaves when his conscience is clear and he has nothing to hide about his conduct.

With regard to our neighboring countries: our relations with the sister republic of Peru have reached an excellent level and offer very auspicious perspectives for cooperation. In this respect, great value is assigned to the recent trip to our neighboring country by the commander in chief of the navy and member of the government junta, Admiral Jose Toribio Merino.

Equally beneficial to bilateral relations between Chile and Ecuador was the visit made to that country this year by Cesar Mendoza, director of the carabineros and member of the government junta.

With regard to Bolivia: Regrettably, its government was not able to appreciate our good disposition toward solving its landlocked situation, while forgetting that it had publicly accepted territorial exchange as a condition for a sovereign outlet to the Pacific Ocean, and decided to break off relations with our country unilaterally in a move caused by internal politics, which was unacceptable as international conduct and damaging to the possibility of solving its own problem.

Our bonds with Argentina have always held an important place in our international relations. Our unalterable friendship with the Argentine people is based on a history and a future which binds us with common ideals and interests. As the public knows, our government immediately accepted the absolute fulfillment of the British throne's arbitration decision which ratified the unanimous decision of five international judges of indisputable prestige and impartiality. This decision put an end to the dispute over the Beagle Channel and we accepted a decision which the parties were bound in honor to observe. Chile regrets that the Argentine Government has not understood the problem in the same way. Nonetheless, I held two direct meetings with the President of that country, Jorge Rafael Videla. As a result of those meetings we signed an agreement establishing negotiations on points of common interest with the express exclusion of those points resolved by the arbitration decision, on which each country maintained absolute reserve regarding its points of view, and without detriment to the permanent validity of the treaties in effect between the two countries. We, for our part, have entered into these talks with the best of intentions for understanding, which permits us to harbor hopes of a fruitful result from the talks.

Nevertheless, the population can be certain that we will know how to combine our sincere spirit of brotherhood with our most determined defense of our sovereign rights, continuing with our sober and calm conduct of a nation which has never confused firmness with [word indistinct] and calm attitudes with weakness. [applause]

Internal political sectors have tried to take advantage of the complex and varied international situation I have described. Aggravating our problems and distorting the nature and cause of that situation, they want to create an artificial climate of collapse in order to convince Chileans that they represent an alternative that can guarantee solution of our foreign difficulties, a solution that the government is unable to find.

They are the same political sectors that stated in 1975 that our economic situation was unsolvable without international aid similar to the Marshall Plan. They could have obtained this aid easily, although it would have been denied to the Chilean Government.

Disregarding all predictions, Chile came through, solely on the strength of a serious, worthy and independent economic policy. This victory is the best answer to these peddlers of political chicanery who do not hesitate to join influential foreign organizations in their frantic despair of regaining the power they lost because of their own mistakes. The Chilean Government reiterated in January 1978 that it will not allow this power to return to the hands of those who, in order to obtain it, are ready to compromise our sovereignty and our dignity. [applause]

Supported by events of the past few years, I declare, with the responsibility awarded to the Chilean president, that our nation will be able to successfully face any challenge without resorting to other means but the profound patriotism of its sons. [applause]

I would not like to end these remarks on the foreign situation without taking a look at a situation which today is touching all mankind, even beyond territorial or ideological frontiers. I am referring to the thrilling example of moral courage which Soviet dissidents, most of them young men, are giving to the world, young men who challenge the most brutal totalitarianism of our times, enduring long years of imprisonment and forced hard labor. In a world rotten with materialism, their attitude has awakened the human conscience (?to) its obligation to acknowledge the primacy of those capable of believing in spiritual values, a testimony that the Chilean people appreciate with special sensibility, perhaps because of the analogy they see in the courage that is always present in their spirit and actions when it deals with the subject of defending the cause of freedom. [applause]

Economic and Social Front

At the beginning of 1975 I presented to the country the plan for economic recovery which contemplated three short-range priority goals; first: to insure an equitable balance of payments, an essential condition for our economic sovereignty in order to achieve growth in the national product and to project an image of solvency in our international economic relations; second, to significantly reduce inflation to achieve future stability; and third, to encourage economic reactivation to achieve growth in the national product.

Today we can say that the success achieved in these three fields is eloquent and indisputable. In effect, the crisis in the balance of payments which to many in 1975 seemed to have no solution, is today definitely overcome. It is forecast that our net international reserves will reach $600 million at the end of this year.

With respect to inflation: Each year we have been able to reduce the inflation rate to less than half the preceding year. The inflation rate in 1975 reached 840 percent. In 1977, this had been reduced to 63.5 percent. This year, we estimate that the rate of inflation will be less than 30 percent. Therefore, we can say that we are steadily advancing toward monetary stability, which will be seen next year when we will have an inflation rate lower than any registered during the past 15 years.

In order to understand the effort that this entails, we should recall that in 1973 the country was on the verge of hyperinflation, with an annual rate estimated at 1,000 percent. I do not think it is an exaggeration to say that what we have achieved in this field is a real feat.

Finally, regarding the reactivating process, the first signs of which were seen in the second half of 1976, this received a thrust last year when the national product (?rose) 8.6 percent. Such a figure is well worth considering when we recall the decrease that (?we) confronted in 1975, and that this figure represents the largest growth during the past 20 years. This year, our national product will again increase at a rate higher than the historical average, although it is obvious that it will not equal that of the first year of reactivation.

I believe it is necessary to point out that an increase in our national product for 1978, under the terms stated, does not imply an equal increase in all the fields of production. Just as we can observe a decrease in the field of traditional agricultural crops, there is a significant increase in production and fruits, an increase in forest exploitation, as well as in fishing. There is an increase of about 8 percent in trade, and more than 6 percent in transportation and construction. It is important to emphasize that the spectacular recovery experienced by our economy has been obtained by aiming toward the fundamental and more permanent goals of our economic strategy which, as I said in the presidential message of 1975, consists mainly of redirecting our resources toward those fields in which we can produce more efficiently, reducing the size of the public sector to its proper proportions, and achieving the constant balance of economic development and social progress.

From this perspective, the many profound transformations that have taken place in the economic system take on their full significance. Among these changes we can mention the withdrawal of price controls of goods and services, the progressive decrease in customs tariffs, the establishment of a realist exchange system, reforms in the tax system, the withdrawal of controls on interest rates, the withdrawal of many unnecessary restrictions in the production and commercialization of goods, the encouragement of foreign investment through equal treatment with respect to domestic investment, the creation and improvement of a capital market, the economic and social evaluation of the quality of each investment project in the public sector, the transfer to the private sector of enterprises that were unjustifiably controlled by the state, and the allocation of agricultural land to private hands, with confirmation of new ownership.

It may be that this enumeration is too well-known for the world, or excessively technical and distant for some. However, it is true that behind each of these measures there has been a great deal of study, effort and capacity. In addition, these measures, when analyzed as a whole, reflect the profundity and total coherence of the new economic structure which our country is designing.

A typical expression of the government's concern for finding solutions to the financial crisis, which was immediately attended to without disregarding the main goals of the economic policy we specified, is in the field of nontraditional exports. These exports have allowed us to counteract the decrease in copper prices as well as to regroup our productive resources. This has had significant repercussions. While in 1973 noncopper exports reached only $222 million, representing only 13 percent of total exports, it is estimated that in 1978 these exports will reach $1.3 billion or 52 percent of our exports in general. Every Chilean can appreciate the value of these figures, which mean that he will not depend on copper in the usually decisive or dramatic manner, and that new jobs will be created.

The descriptive chart reveals that we have not only overcome the most serious economic and financial crisis in our history, but that we have also established the basic structures for a broad and sustained growth in the future through a reallocation of our productive resources, in the search for more efficiency, and for a progressive reduction in the excessive role of the state in our economy. There lies the great difference between our present economic situation and many of the fleeting developments we experienced in the past, which rapidly went up in smoke when confronted with immediate needs because they were the result of fragile demagogic concepts. Their failure left behind bitter disappointments and frustrations.

As the president of Chile I proclaim with full conviction that our country today has the most solid economic foundations of this century. This assures us stable progress which, within a few years, will lead us to a standard of living as yet unknown in our country. We can be confident that our nation, having been able to achieve its independence in the economic field, will be able to negotiate with dignity throughout the world, without having to humiliate itself or ask for help like an international beggar. [applause]

Our outstanding economic success, which was achieved despite the adverse conditions of high prices of fuel and food which we import and low prices for the copper we export, justifies the universal recognition according to the government's work in this field, disregarding ideological prejudices, by every international organization. Even qualified international experts have said that we have witnessed the beginning of the Chilean economic miracle.

In view of the certainty of the promising perspectives which have opened up--due to the increase in capital goods and durable goods exports which we are experiencing again this year, as well as to the increase in investments and especially to the notable increase in the flow of foreign capital for development and foreign investment in general--it is sufficient to point out that during the last 5 years we have authorized foreign investments totalling more than $2.5 billion. All this has been possible thanks to the energy and the capacity for adaptation of the majority of Chilean businessmen, and to the understanding shown by the citizenry in accepting the sacrifices which the crisis imposed, and still imposes. I would like to emphasize this patriotic attitude especially in the case of workers who, by their conduct, showed the entire world the maturity of the Chilean people. However, I do not ignore the financial difficulties which the great majority of our compatriots still experience. I can see this through my tours throughout the country and through my personal, frank and direct contact with union leaders. Therefore, I am aware of the true situation without the distortions and concealment with which information usually gets to government leaders.

I know that many of my compatriots who are listening may ask how one reconciles the internationally renowned success of Chile's present economic strategy with the harsh situation which exists within his own family budget, which in many cases is very severe. The answer is simple, although it is always disagreeable to point out. What happened is that the ineffectiveness of the Marxist government and the international crisis depleted the country to such an extreme that all the democratic sectors repeatedly estimated that it would take more than 10 years to overcome its effects. This reality is no mystery to anyone, but there are few who understand it in all its tragic dimensions. Therefore, this has forced us, among other things, to pay off an enormous foreign debt inherited from previous governments whose resources were squandered.

In order to recover our economic independence and our solvency abroad Chile has since 1975 been paying off our debt without renegotiating its servicing. This requires an outlay of more than $1.5 billion this year. This explains the slowness with which the general progress of our economy extends to each and every Chilean. Although no one can deny the improvement in the national economy with respect to 1975, it is logical that everyone still feels strong financial difficulties, since we are just now approaching a standard of living which existed in 1970.

In other words, in 1975 our country recognized the extreme poverty produced by the factors we mentioned. Both factors were totally alien to the work of the present government, but during the following years we confronted this distressing situation successfully. However, we need several more years of broad and sustained growth for the nation's increasing wealth to become a reality in which every family in our country will take part directly.

For a leader who hoped for easy popularity it would have been possible to attenuate the effects of the disastrous situation inherited by the present government and then further aggravated by the international crisis which took place immediately afterward, but that would have meant incurably mortgaging our future or alienating [words indistinct] our sovereignty.

Therefore, this president--who wants to act in a responsible manner toward the future and who carries the pride of Chilean blood in his veins--believes that the only valid course is the one we have tenaciously followed these years and the results of which are a success of the entire nation [words indistinct] broadly compensating for the lack of understanding because I believe that I have fulfilled my duty to the true welfare of Chile.

On the basis of already visible progress I ask my fellow countrymen to have faith in the future that can almost be considered present, the same faith they had during the bad times, and to understand that we must maintain social discipline within the framework of justice as the key to the success we must attain.

I am fully convinced that this discipline will be spontaneously maintained by a people who know how to respect when they are respected, a respect that is characteristic of our government actions. However, this government feels that it is its duty to warn those who may want to encourage agitation and disorder that it will maintain order with the full force of the law, no matter how hard this law might be. [applause]

At the same time, I believe that I must refute a statement that persists despite its absolute inaccuracy. According to it the social cost of our economic recovery has not been distributed equitably among all the people.

They no longer dispute the success of our economic policy. Neither do they dispute the fact that there was no way to avoid its social cost, thus acknowledging that if a country is impoverished, every citizen must share the result of this situation. From now on, our adversaries, changing tactics, say that the weight of this social cost is mainly borne by the most needy sectors while the wealthy sectors remain relatively unaffected.

This statement cannot withstand close analysis. There is no doubt that some businessmen lost large portions of capital, and some even went bankrupt because of the recession. But this is not mentioned. At the same time, tax reforms, the significant improvement in tax evasion control, have forced the more wealthy sectors to pay more taxes, while the decrease of inflation, the automatic salary adjustments equivalent to the cost of living, the improvement in the quantity, quality and type of resources alloted to social expenditures, have indirectly favored the most needy sectors.

An additional effect of this situation is the increase in real income--that is, disregarding inflation--which during the first 6 months of 1978 reached 13 percent, an increase that is added to the 12 percent of 1976 and the 25 percent of 1977, always in comparison to the preceding year.

The only thing this government can be reproached for is not having continued the plundering strategy initiated by some who called themselves democrats but [words indistinct] Marxist principles. However, no one can forget that Marxism led to the total destruction of our productive structures and dealt unfairly with persons of scarce resources and even [word indistinct].

For years Chileans have listened to the demagogic preaching of the class struggle which, burdening the people with innovations and suffering, offered the attractive but impossible utopia of absolute equality for all by stripping more wealthy sectors. These promises always led to swift disenchantment of those who trusted the self-styled protectors of the most needy sectors.

I am sure that this hard lesson has led to a painful but thorough maturity of our people who understood the fallacy of an idea that plunged the country into total moral and material chaos, aggravated by the fact that about 22 percent of our fellow countrymen lived in subhuman conditions of extreme poverty.

This was the true result of the chatterings of political demagogery, of socialist utopias, and of the irresponsibility of a populism which, posing as an advanced social doctrine, was only aimed at the satisfaction of base resentments.

This is why, rather than resorting to the demagogery of promising an impossible equality for all, the declaration of principles of the current government promises equal opportunities in life. Although this presupposes a more difficult and longer course, it is a goal more compatible with true human nature, with productive activities and with respect for the efforts of each person within the framework of total and effective social justice.

This objective demands the eradication of extreme poverty within a reasonable period of time, because there is more to it than a mere economic problem, that is the disgrace of living without the benefits and opportunities that society provides for its other members.

This has also proven that it is a mistake to believe that the most needy sectors are made up of wage-earners, because extreme poverty generally assails independent workers such as small property owners and other traditionally neglected sectors.

Sat. 15 Sep 78 - 20 -

Once again I wish to draw attention to the refusal of certain political, labor and journalistic circles to acknowledge this reality, led by their interested desire to win the approval of wage-earning sectors who have more influence and are able to exert more pressure, even [illegible] the principles of true justice.

In view of this totally hypocritical attitude I reassert my personal commitment to continue defending those who have no organized and strong spokesmen to be heard. I believe that this mission is a moral duty inherent in the position of president of the nation and that its fulfillment, despite any unjust criticism one may receive, provides the immeasurable satisfaction of receiving the affection and trust which the humblest of all Chileans have expressed for me and this government throughout the entire country.

In this regard, one of my main concerns as leader of this country is the high unemployment rate which still persists in the country, despite its recent 13.7-percent decrease [words indistinct]. We hope to significantly decrease these figures very soon, because employment has been growing far beyond the requirement of population growth.

The significant decrease in social security payments will also contribute to this solution. While in 1973 these reached 60 percent, today they only amount to 34 percent. This difference has been financed by an increase in general tax revenue. To this we add the various subsidies designed to alleviate high unemployment. The recent improvement in the level of pensions payments from the social security service, the approval of salary increases for teachers, the double family payment that will be made this month, are other examples of the government's efforts to alleviate the problems of the more (?burdened) sectors. The preceding entails an annual expenditure of approximately 6.5 million pesos. In addition, I have ordered the Finance Ministry to study an increase in wage scales, especially at the lower grades. This increase in wages will go into effect on 1 January 1979.

In turning to the social field, I would like to say that the government will also set two other goals of great importance for its own plan of action. The first is to create an integrally conceived model society compatible with the political and economic institutions of a free and effective society, such as the one we are building.

This requires far-reaching reforms designed to effectively decentralize social services. This is closely linked to insuring the right to free selection by each person of educational, health and social services, and to offering them the best quality, thus replacing the state monopolies guaranteed by law with which we are still burdened today.

This is in addition to a direct orientation of the subsidies to those who really need them, as we have done this year in the housing field. We will also provide resources for health and education that will favor greater efficiency in their administration and will strengthen personal freedom, in contrast to the limitations imposed by exaggerated state involvement which has proved to be ineffective.

The second goal is to undertake an all-out battle against the bureaucratic mentality, a heavy weight that hinders or stops many progressive initiatives. It is essential to destroy this mentality with the active cooperation of all Chileans.

Even though (?the achievement) of our social goals may require a global and consuming effort, the needs of the less fortunate cannot be delayed, which is why we continue to thrust forward direct social action.

Thus, social expenditures for this year will amount to 54 percent of total fiscal expenditures, excluding the servicing of foreign debt. This is an unprecedented percentage that is worthy of special attention, especially if we recall that in 1973 it barely reached 28 percent. In addition to this, the resources allotted to the expansion of prebasic and basic education--the crucial factor in overcoming low standards of living--increased 37 percent between 1973 and 1977, at equal currency values, and this year will experience still another real increase.

In the meantime, nutritional programs for the same period have increased by 35 percent in the delivery of foodstuffs to the most needy sectors, which has resulted in a significant decrease of infant mortality, which was 69 per 1,000 in 1970 and this year will be only 46 per 1,000. This task is helped further by an overall reorientation of health programs which pay special attention to preventive actions and by expansion in medical services and facilities through the installation of medical stations and clinics in rural and remote areas. It must be pointed out that this year we will take care of 42,500 children through 440 kindergartens. We have also paid attention to minors in irregular situations by creating new establishments and passing new laws with which the people are well acquainted. Bearing in mind all this background, can anyone who is acting with any kind of good faith deny the deep-rooted social spirit which inspires the current government's permanent concern toward alleviating the hardships of the most needy?

In outlining some of the main achievements in this field, I feel that I must express the government's deepest gratitude to the Chilean women who have--through SEMA-Chile and other volunteer women's organizations--given an example of solidarity that must inspire the great Chilean family, showing that in the same way they have been the stronghold of the national liberation, they are now the spiritual pillar of this unity which must bind all our fellow countrymen. [applause]

Domestic Front

Many domestic achievements have been accomplished during the last 12 months. In this regard, the process of regionalization of our territory has been concluded. This will allow us to revitalize the old provinces that are now free from the centralized policy that restricted their actions, with the ensuing geopolitical, economic and social effects and the strengthening of personal freedom.

We also assign special significance to the creation of the National Energy Commission the aims of which is to develop an overall energy policy for the nation. We also assign significance--although in an entirely different field--to the growth of our merchant marine, whose potential capacity is now over 1 million tons, just recently increased by the purchase of one of the largest ships owned by any South American country. I also want to announce the forthcoming promulgation of a law on Indian property which, respecting the cultural values of the heirs of the Mapuches, will allow them to choose, free of charge, to become private landowners should they prefer this to joint ownership.

In view of its great significance for the future, I believe that it is appropriate to mention the progress of the work on the highway which will reach Aisen, thus joining the southernmost region with the rest of the country through continental Childe Province.

Regarding the process for legal normalization; this year we lifted the state of siege and ended the curfew, continuing a permanent line of action that advances toward the birth of the exercise of personal rights. Actually, with the exception of the special situation in Loa Province, only the state of emergency, with significantly less restrictions than the state of siege, continues. This reveals the success achieved by the combined action of the authorities and the citizenry in a joint effort to strengthen social peace against those who intend to destroy it.

Nevertheless, in view of the duty to safeguard these gains, which distinguish [illegible] the most valuable of a world shaken by violence, the government believes that it is necessary to maintain the state of emergency in effect for as long as circumstances warrant. The government is going to restrict only a minute minority which wants to [illegible] freedom in the democratic political process that we will not allow to fail in order to insure peace for the progress of 10 million Chileans. [applause]

[illegible] people alone gives the lack of freedom. They disseminate lies against the current government through the media. Although they may not influence Chileans who are aware of the true situation, they have a negative effect abroad which they themselves then try to magnify and use for sinister purposes.

Furthermore, to all those who have spoken so much about the enthronement of the state of emergency, I call upon them to meditate and resolve the following outcome: How can it be explained that those who are abroad and disseminating reports about a presumed Chilean reality, tyranny and lack of liberty, submit their requests at Chilean consulates throughout the world, asking to be allowed to return to live in this alleged inferno, and declare that they are willing to obey the laws in effect.

Does this not reveal...[applause] does not this reveal the absolute untruthfulness and exaggeration of the attacks they direct toward us? One is not allowed to leave the pseudo-paradise of Soviet socialism. On the other hand, everyone wants to return to Chile. Where then is the...[applause] where then is the true totalitarianism? We are living in true liberty. Here then is a challenge that I present for the crooked dialection of our critics.

Prudent and effective implementation of the powers inherent in the state of emergency has been possible thanks to the sensible work of the National Information Center [CNI]. By restricting itself to its role of detecting subversive nuclei for later disclosure to the courts, it has prevented internal resurgence arising from the vast international plotting of the so-called resistance against our government which does not hide its intentions, which are unsuccessful but always [words indistinct].

In order to overcome the consequences of the situation of near civil war reached during the Marxist regime and still prevailing during the years following the national liberation, the government issued, some months ago, a broad amnesty law aimed at correcting the harsh sentences passed during that hard stage of national life.

Although this measure was favorably received by most of the population, including high-ranking church leaders, a few small sectors attempted to discredit it by stating that it helped to conceal any abuse of power that may have been committed by members of security services during the state of siege.

Armed by the moral authority that stems from honest actions, I want to state that this amnesty was indeed broad enough to encompass all possible abuses committed by both sides during the fratricidal struggle unleashed by Marxism. I also denounce as unbelievably insolent the mere insinuation that we should forgive the crimes of those who led us to the verge of civil war and were defeated, but at the same time punish the possible abuses of those who were the winners in the difficult mission of thwarting this aim. [applause]

Besides having no precedent in the history of humanity, this idea shows the immoderation and vengefulness of our adversaries which contrasts with the honesty and desire for national reconciliation that inspires our government. [applause]

This same difference of opinion can be found concerning the problem of allegedly missing persons, which we plan to alleviate--despite the fact that the true number of persons involved is minimal compared to the significance of the crisis we experienced--through the appropriate legal and financial aid for relatives who may want to take advantage of it, a measure that will not prevent the Interior Ministry from exploring any road that may yield positive results in every case.

However, I want to reassert that the government will not tolerate the political utilization of a somewhat confusing situation and that in the same way it respects any legitimate attempt to solve it, it rejects [passage indistinct] nefarious objectives designed to reopen wounds in the national community which has overcome the vast drama generated by others and only desires a peaceful future, security and justice.

Our greatest interest on the domestic front is in our progress toward the republic's political-institutional future, a clear sign that the problems that previously appeared as the most pressing ones have experienced substantial advancements and solutions.

In discussing this subject, I could not begin without mentioning that 1978 began with the historic national referendum. In the midst of uncertainty or the fear of learned circles that are said to be knowledgeable in politics, I decided to call the citizenry to make an important decision. That day, in a memorable civic act, the Chilean people went to the polls to reject, from the innermost reaches of their conscience, a resolution from the United Nations that sought to interfere in our sovereignty and trample our dignity. The people ratified the movement toward freedom of 11 September, and reaffirmed the legitimacy of the government I head to lead the process of creating a new institutionality for our country.

Some politicians protested because this referendum was not called with sufficient advance notice. That is, they did not have sufficient time to manipulate the citizens' will through [words indistinct] propaganda, or the methods to which they are accustomed in those [word indistinct] electoral campaigns in which, under the pretext of debating ideas, public spheres were lowered to degrading extremes. I understand that the lack of all these things may have made them feel out of place. I'm so sorry. [applause]

The fact is that the overwhelming majority of Chileans from all levels, in unprecedented numbers, believed that they knew enough to defend their government from foreign aggression, and showing the purest and most authentic of all feelings proved their firm decision to maintain Chile's sovereignty and reasserted that the current regime is the only one entitled to lead the country toward its new institutionality. [applause]

With this invaluable support which is, at the same time, a moral imperative, we have continued implementing this process which is fundamental to Chile's future. In my prior presidential speech I stated that the essence of this plan was based on a well reasoned conviction of the government, and was therefore subject to no unreasonable changes. I reasserted this in my speech to the nation on 5 April of this year, when I outlined certain adjustments to this plan, in line with the flexibility of a political and social process aimed at the concrete project of a new political constitution, ending the stage of constitutional acts whose value could not be denied in the progress toward a new and final institutionality.

On that same occasion I stated that the essence of this part of the plan stems from the overall nature of progress toward this new institutionality that keeps us away from the two extremes of stagnation and haste.

In view of the practical lack of understanding that becomes stronger when confronted with this and which springs from both extremes, I believe it is my duty to insist on the government's position of inviting all Chileans to meditate on the future of the fatherland without passion or egotistical interests. To remain immobile would cause an imbalance between the always vibrant social evolution and its own legal framework. Moreover, in this case, sooner or later we would risk the prestige of the armed and police forces, the supreme reserve of our nationality. It is essential that everyone understand that in the political life of the people, inflexibility in the face of changing demands of the times is a condemnation of death, allowing every completed task to be destroyed amidst the outbreak of long-festering issues that were not solved at the proper moment. On the other hand, haste would entail similar tensions and breaks in the society, with an additional exacerbation that would lead us to chaos worse than that which existed before the military intervention, leaving incomplete a task that should become deeply implanted in the nation's soul and social structure.

Therefore, transition has been conceived as the only feasible way to make this task of historic projections peaceful, fruitful and durable. Because of the difficult path that has been undertaken, the conception and the results of this process compromise the future of the entire nation. To pass abruptly from a military government to a civilian one, no matter what the duration of the former or the moment of transfer, would provoke moral and legal-institutional ruptures that would be virtually irreparable and that would launch the country toward an adventure of unforeseeable consequences.

A gradual flow through a period of transition would, on the other hand, allow the new institutions that our future constitution contemplates to form healthy and modern habits which should regulate their operation, without which any legal system, no matter how perfect in concept, would be open to becoming a dead letter or to adopting a form very different from the one conceived. At the same time, only a transition of this kind will allow this new generation to (?come into) public life imbued with the ideals of the new regime, thus truly implementing this institutionality and these deeply refurbished customs under the inspiration and guidance of the current government.

This is in no way another revolutionary utopia designed to create that new and perfect man promised to us as the result of structural reforms, nor does it involve refuting the valid cooperation of some of the leading actors of the system that prompted the chaos in 1973. However, it is obvious that if we were to restrict ourselves to the civic scope of the latter, we would return to the same habits which destroyed our prior institutionality and the current government would have been just another break, the fate of many military regimes in the history of our continent.

Finally, this period will promote greater development of social participation, mainly at the level of labor unions, student associations and neighborhood committees, allowing them to acquire strength starting from serious, autonomous and (?depoliticized) foundations. [passage indistinct]

There is no doubt that the attainment of these objectives cannot be guaranteed by institutional means, because it depends on the personal contribution of each Chilean and on the interest of the government in providing the channels that would make it possible, or better still, probable.

It must be very clear that transition does not mean the end of the military government, but the sharing of the country's political leadership with the civilians, who will thus switch from cooperation to participation. [applause]

As I stated in my 5 April speech, this influence entails the establishment and implementation of several organizations and institutions included in the new constitution and other variations which will become necessary to adjust them to the military government, among which is the fact that no political election is to be held during this period. These basic elements lend significance to the transition period. These special methods to be followed during this stage will have to be included in the transitory articles of the new constitution, clearly outlining the high functions the military junta will preserve during this period jointly with the new parliament, whose members will be elected by the people during this specified period. During the first period, they will be appointed by the military junta and will be in office for an exceptional term which will coincide with the transition period.

Then, the constitutional timetable could be summarized as follows: the constitutional draft recently delivered by the commission in charge of writing a new constitution will soon be submitted to the Council of State for consultation. After the Council of State has made a study of the draft, the military junta will make a final analysis of the draft, and with the technical cooperation of the commission which wrote the constitution, it will approve the final draft which will then be submitted to a plebiscite before [words indistinct] public discussion.

The new constitution itself will set the date when it will go into effect, fixing a reasonable period from the time it is approved by a plebiscite, a period which will be necessary in order to issue certain laws before its application. Once the new constitution is in effect a period of transition will begin. This is estimated at 6 years, and as already has been pointed out, it will result in the establishment of a future parliament and constitutional [word indistinct] with the same structure and functions.

From this new institutionality will emerge any special variations necessary for this transition. Therefore, political elections will not be held before 1985. [applause] Only then will elections be held in accordance with the rules and terms for offices to be determined by the new constitution, thus beginning the full application of this new constitution. This is how the fulfillment of the Chacarrillas plan is going to take place, so that not even the anguished politicians or the skeptics or the demagogs may obstruct the impulse of this government which has very clear objectives and is calmly advancing toward them, without stopping or hurrying because of anyone's pressure.

In recent weeks we have heard the voices of some who are worried over the course the constitutional draft will follow. I want to state that the government will of course welcome every contribution and idea aimed at improving or enhancing this draft. Considering that there are some who are unhappy because they believe that it has taken too long to complete the draft, we tend to believe that they must have found the appropriate solutions some time ago. If this is the case, we urge them to show their patriotism and disclose their solutions. [applause]

But if this is not the case and they have just now begun to worry about studying the issue, would this not mean that they also agree that only now are there adequate conditions to make final, specific decisions on this issue, in which case their objections have become baseless? In any case, those who honestly and patriotically wish to participate in the constitutional discussions are welcome to express their ideas and observations, either for consideration by the Council of State or for a final decision.

One thing which must be understood is that the proposals for holding an election for a constituent assembly are absolutely rejected. Those proposals reveal that sectors of former politicians are unable to understand the process Chile has experienced, since the constituent assembly would become fertile ground for the demagogical actions of those who requested it. Furthermore, it is much more democratic to have the people express directly their decision regarding a specific constitutional proposal, instead of following the indirect formula of negotiating through representatives their opinion on a matter of the highest significance for our future institutional process. [applause]

Therefore, the best reply to questions of how representative are the people who have contributed or will contribute to preparing the draft of the new constitution is that it will be the people themselves who will decide whether this draft conveys their true feelings.

Now, based on my proposal that the plebiscite must include several alternatives, the government does not exclude the possibility of voting on a specific point as long as this is appropriate and does not disrupt the harmony and coherence which any good legal text ought to have. What appears to be unacceptable is the desire expressed by some groups to include their own ideas in the plebiscite as an option contrary to that of the governmental draft. This is unacceptable not only because many more groups may pick up this idea and convert this process into a real chaos, but because the legitimate action it carried out on 11 September bestowed upon the government only the unrenounceable, exclusive constituent powers to propose to the country a constitutional formula which in its opinion will avoid a repetition of the tragedy which forced most Chileans to request the liberating intervention of the armed and security forces. [applause]

With regard to the legal consequences which would arise from a hypothetical majority rejection of the plan which the government junta will finally present for a plebiscite, we need only determine this in the act calling for the plebiscite). Considering the precedents which may exist at the time, all premature judgments to that effect would be mere untimely speculation designed to confuse analysis of the basic issue. It is precisely that intention that lies at the root of the problem we are denouncing: the deceptive stand of those who, by converting the democratic system into a cynical goal, appear to believe in the magical value of election and universal suffrage, as if their mere reestablishment were sufficient to insure peace, liberty and progress. That is why they speak of returning to democratic normality and of doing so as soon as possible.

Have those who argue this way forgotten that our country was on the verge of civil war, ready to fall forever into communist totalitarianism and into the most serious moral, economic and social chaos in history, while there were elections at every level? This is the formula they now preach as some sort of true panacea. How do they hope to correct the evils which led to the most dramatic crisis of our history by limiting themselves to repeating the same plots which failed them, and without contributing any serious or profound idea to building a democracy capable of effectively defending itself from the corrosive action of the totalitarianism and demagoguery which we suffered? When they maintain that only the preaching or practicing of violence should be banned, but not the spreading of totalitarian ideas? Could it be that they intend to again legitimize a platform such as the so-called peaceful road to socialism, with which international communism intended to conquer Chile?

No, gentlemen. It was not for this that the blood of so many Chileans was spilled as they fell fighting for our freedom. We did not undertake struggle from [illegible] in order to return naively once again to the road whose [illegible] we already know. It was to open up a new way which would plant the seed for a fatherland renewed in the reencounter with its national self and in the correction of the mistakes which were on the verge of destroying the country's own identity. And I know that the great majority of the Chilean people are with me in this. [applause]

We assert more forcefully than ever that neither the youth, who in order to study had to tolerate the pressure of idiological indoctrination; nor the woman, who had to have political affiliation to get food, were free. Neither was the worker, who was forced to take part in strikes or solidarity rallies of a political nature, nor the businessmen, who was suffocating from stagnation, nor the citizen, who had to present his identification from the governing political party in order to get public administration employment or to conduct any sort of successful operation with public offices; nor the Chilean, whose mind was poisoned by hate and journalistic outbursts, at the mercy of which was his honor and his dignity.

That was not freedom, and that is why we do not speak of returning to that which our critics call democratic normality. Instead, we propose to advance toward a creative normality which would include a new democracy at the service of a free society, and which would be both prosperous and just. It is this conviction which generates the massive and enthusiastic backing which we receive from the youth throughout Chile. No one can realize better than the youth themselves, the horizons which await our country in the future and which defy the imagination and the constructive vitality of the new generations.

To Chilean youths I offer my word of recognition and encouragement, along with the re-affirmation of the faith and hope which the entire nation places in your responsible and ever-renewing participation. Upon entering the decisive stage in the elaboration of a new constitutional text, I believe it is my duty to point out that although it does not try to restrict itself to a specific and particular philosophical concept, it does have the duty to explicitly express the fundamental value inherent to Chileans: punishing those who spread doctrines whose concepts of society are against the principles which constitute the principles and essence of the nation, punishing them with the loss of political rights.

Any accusation should be declared before a court which will provide guarantees of fitness and independence with respect to political power. Not to do so would be to ignore the fact that an authentic constitution goes beyond the classic guarantees of rights. The structure or operation of the organs which exercise government power is the expression of the constitution--as its name indicates. That is to say, it is what maintains the community alive and unites it above its differences, and projects it as united to face other nations and its own destiny.

We assign special significance to chapter one of the constitutional draft, which conveys the basic purpose of the new constitution and which could not be omitted [words indistinct] taking into account that [word indistinct] Marxism-Leninism systematically tried to destroy those principles, and ultimately caused our former institutional system to collapse. We have proposed a strong authority for a free, progressive society, a concept encompassing our institutional ideas in the political, economic and social aspects into a single, indissoluble reality.

A free society favoring the autonomy and participation of all intermediate sectors and the development of the creative abilities of its members, outside the control of the all-powerful state, is the only chance to achieve both efficiency and economic progress and a solidary social spirit, through respect for human dignity, and not through surrendering to the state or [word indistinct] or the material [word indistinct] advocated by every socialist system. In view of this fact a strong, vigorous authority emerges as an irreplaceable need to strengthen that free society, since this must defeat three powerful enemies which are threatening it in today's world: totalitarianism, demagogery, and terrorist violence.

Neither freedom nor progress will be achieved if these enemies are not defeated, and then it will be impossible to defeat them without a strong authority. It is proper to make clear that when we talk about a strong authority we are not referring to a single person or to a given state organization, but to the entire power scheme which forms an unquestionable unit, because the appropriate functions are exercised by various organizations which are each independent, but are closely related in sharing many of their functions.

By strengthening a presidential system in Chile, both authority and freedom are strengthened. These are also strengthened when courts reaffirm their independence and the armed forces, judges and public officials follow a professional approach, when decisions which must precede and condition a political option are maintained, or when power is exercised by enforcing an impartial law which is equally binding upon both the ruler and the people. [applause]

In my previous presidential message I outlined the constitutional ways which I consider to be appropriate to achieve these goals, and I elaborated on these matters in the note I sent to the commission which is studying the new constitution in November. Today I want to emphasize the valuable contribution this commission has made to the country through a carefully, thoroughly prepared draft, and I want to reaffirm that the government will maintain its position in the new institutional system, which is now fully on its way toward successful culmination.

Fellow countrymen, as in previous years, the armed and security forces were able to comply with their mission with patriotic spirit, and were able to keep their high professional level despite the great effort demanded by assigning military officers and personnel to government duties. This contribution to the state demands great sacrifice equally for those who remain in the barracks to comply with their military duties, and for those who are providing political-administrative services to the government. In my visit to barracks, bases and ships, I have been able to feel the excellent professional training of every member of the armed forces.

Furthermore, the nationwide [?theoretical] exercise conducted by the high command in August revealed the excellent attitude and effectiveness of those responsible for our national defense in facing any possible foreign aggression. [applause] To all the members of the military and institutions of public security and order, our deep gratitude.

This year, the government junta had to unanimously make the painful decision to declare that it was absolutely impossible for one of its members to continue on the junta. After progressively deviating from the principles of 11 September, he began to take public stands of opposition which prevented effective government action. His conduct worsened when he made remarks to a foreign newspaper. Even though it was not his intention, he seriously compromised the security and prestige of these armed and police forces. While mentioning this harsh decision, I believe it is just to express the government's recognition of the valuable contribution which General Gustavo Leigh offered the nation at other moments. [applause]

In addition, I would like to render well-deserved honor to the manner in which the Chilean Air Force confronted this difficult hour with a courage which is now expressed in a most meaningful way by its present commander in chief and member of the government junta, General Fernando Matthei. [applause] Once past the crisis, it was proven that the unity and professional spirit of the national defense forces attain an ideal which, in the service of the fatherland, transcends individuals and differences. They are a source of pride and security for Chile and its future.

For its part, the new cabinet, which is predominantly civilian and which I swore into office in April, represents the best testimonial of increasing civilian-military integration under the common goals and principles inspired by the Christian and nationalist humanitarianism which is proclaimed in our declaration of principles.

. . .

In ending this speech and allowing our attention to turn to that historic 11 September 1973, I believe that the blood spilled 5 years ago has fertilized our wealthy land, becoming one with it. Since then, peace has again blessed our fields, renewing the authentic national spirit. This is the net result of this 5-year period of realizations and spiritual and material progress for the fatherland. In view of this reality full of hope, I wish to express my deepest admiration for the true leading actor in this achievement: the people of Chile... [applause] who were the ones who truly defeated Marxism and whose spirit has been capable of overcoming all the obstacles and is now facing, full of faith, the challenges of the future.

As for myself, I feel detached, because life has been generous and there is no room in my heart for any ambition other than to serve the fatherland with my entire strength. Thus I maintain my moral strength and dedicate myself entirely to the fulfillment of a duty which is imposed on my by Chilean history and the Chilean people, a duty for which I have sworn to give my own life, should it be necessary. [applause]

On the year of the bicentenial of the birth of the father of our independence, the liberator General Bernardo O'Higgins, the vision of him surrounded silently but overwhelmingly by our heroes, our forefathers and our martyrs is raised before our eyes. They all seem to be rising together with the millions of Chileans who, for many centuries, have been building this fatherland which fills us with pride.

I call upon God our lord to convey to him our gratitude as a believing people who have attained, through 5 years of courage faith and hope, the first objectives of their recovery and are now seeking the full unity of its children, seeking a better destiny. Thus, united by this feeling which imbues all hearts from Arica to the Antarctic, we shout once more, from the very depth of our land and our souls, a spirited: Long Live Chile! [applause]

TURBAY OUTLINES ECONOMIC PLATFORM AT ANDI CEREMONY

PA092206Y Bogota Domestic Service in Spanish 0037 GMT 9 Sep 78 PA

[Speech by President Julio Cesar Turbay Ayala at closing ceremony of National Industrialists Association's 34th assembly held at Bocagrande Theater, Cartagena--live]

[Excerpts] Mr Pablo Echeverri Correa, president of the National Industrialists Association [ANDI]; former presidents of the association; national and regional ANDI directors; ministers of state; Mr Manager of the bank of the republic; directors of the Export Promotion Fund of (INCE) and of the Foreign Trade Institute; Your Excellency the Archbishop of Cartagena; military authorities; [words indistinct] and president of the chamber; businessmen; Lady Governor; Mr Mayor; ladies and gentlemen:

At this meeting I must reiterate my respect for sacred opinions and my intention to listen without any prejudice to any suggestions you or any other social or economic sector may wish to make in connection with the diagnosis, prognosis and treatment of our country's problems.

Obviously, the government, which is concerned only with the public interest and has the obligation of overcoming any private (?mistake), will make its decision autonomously, while considering the highest interests of the community.

I am firmly convinced that (?we shall give) the country a climate of security and confidence in which business activity will prosper to strengthen and promote industry, commerce, agriculture, cattle breeding and all sectors of production. The government does not [words indistinct] and it will surround all compatriots with guarantees and, to the extent that it can, will provide them with incentives so that they may incorporate themselves in the great process of fair development.

My administration will not impose artificial obstacles to channeling energies and all human natural resources toward the achievement of lofty social and economic goals. I have faith in Colombia and in the ability of its people, and I know that the country is capable of overcoming its difficulties and of dignifying the existence of humble people while guaranteeing the growth of its economy and the people's well-being.

[Words indistinct] is another thesis I maintained during my electoral campaign and have reaffirmed during my administration. According to this thesis, industrial and agricultural development are complementary rather than antagonistic. It is obvious that the prosperity of the (?doctrinaire) sector of the economy will facilitate greater development of the economy's more modern sector because, when demand possibilities are (?improved), market conditions are also improved. It is because of this that I have said I will fully support all plans aimed at strengthening industry and improving agricultural productivity, using in both areas the resources of credits and certain tax incentives and surrounding them with legal stability and social security.

In Colombia the responsibility for industrial development has fallen mostly on the private sector, with the state basically limiting itself to a regulatory role aimed at encouraging a better social assimilation of available resources. Nonetheless, the very complexity of economic growth demands that the state abandon the role of mere arbiter of productive energies to become a vigorous and active promoter of development.

A mere glance at market forces shows that the acceleration of centralization tendencies at the regional level and in the business sector (?coincides) with the strongest economic sectors.

The familiar concentration indexes, in anonymous societies, in the use of credit and in the distribution of income, justify the government's active participation in the country's economic development in order to expand the economy's social basis without damaging the [word indistinct] impulse that is currently noticeable.

As I have already affirmed, state intervention will not be associated with hindrances and controls that discourage production. It will always be viewed as a positive and stimulating action inherent in well-balanced and continuous progress. The participation of the state's capital will also be dedicated to providing the physical and social infrastructure for those sectors which, although of top priority in the government's plans, cannot be undertaken by the private sector because of the large investment or the long maturation period required, because the private [word indistinct] is larger than the social one or because of the large production scales required to obtain reasonable yields.

In a similar fashion, in my opinion, the state's investment in industry will be justified when industrial articles must reach sectors that would not obtain them otherwise. It will serve as an initial stimulating element and in some cases it will be transitory.

This role will enable the state to better fulfill its social objective rather than turn it into a mere disloyal competitor of private industry. We are all aware that in Colombia the private sector has enormous opportunities to expand the economic frontier. Here, too, the state will participate, managing instruments that will make the varied activities of investors more attractive.

I want--and to this effect I have already instructed the cabinet members--the economy to develop without jolts, under the protection of very clear rules, based on the highest interests of (?public welfare).

Price controls (?will be aimed) at strategic sectors that have a great impact on the family bread basket, over which the production sectors have a monopoly or oligopoly, since, in general, those sectors benefit from tariff protection. For the other products, a supervised freedom of prices should be studied in order to stimulate (?producers) while the government reserves the right to correct abuses. Of course, I must repeat here what [word indistinct] affirmed a few days ago in connection with prices. It can be summarized in the thesis that nothing is so prejudicial to a people as political prices that force the state to establish subsidies or make the producers work at a loss. [applause]

One of the state's endeavors will be directed at providing incentives through tax credits and the establishment of an infrastructure, as well as expansion of [words indistinct] intermediate and small urban centers, outlining their comparative advantages and their contribution to intensive employment. The government will center its attention on promoting, financing and granting technical assistance to agroindustrial products; development of small and medium industry; establishment of industrial complexes; and consolidation of free zones for border integration with the fraternal countries of Venezuela and Ecuador.

My distinguished audience will agree that importance must be given to small and medium industry, in both the diversification of exports and the strengthening of intermediate cities as axes of regional progress within the context of free zones and industrial complexes, which are destined to play an important role. [Words indistinct] CECLA's vision of the importance of this kind of enterprise in affirming [words indistinct] very efficient in activities that can be detached when the expansion [words indistinct], when location influences costs significantly, the differentiation and the quality of products is decisive and the [words indistinct] of the user is important.

To this unimprovable discussion of small and medium industry, I would add that the [words indistinct] by the simple processes [words indistinct] financing for their operation, make them indispensable to the decentralization plan. The development of this kind of organization, as I said a few months ago, will be vital to cutting the unemployment rate and will also permit experimentation with new technology. The government will study the establishment of a true plan of credit guarantees for small and medium industries and will draft a law similar to Law 5 of 1976 for the agricultural and livestock field, correcting deficiencies in that law.

The government will place special emphasis on the application of appropriate technology to science. Research will be promoted and credit and fiscal incentives will be granted to firms that dedicate part of their efforts to this work. The National Science and Technology Council will be entrusted with the task of directing the expanded research that the nation's development requires.

The first task in this sense will be the establishment of a plan of potential centers in which industrial activity can be carried out, with the comparative advantage of estimated costs. Once this is done by the Development and National Planning Ministry, the basic infrastructure requirements to support industrial activities will be undertaken.

I believe a long-range mechanism for capitalization is necessary. This will be achieved through industrial development bonds issued by the Industrial Development Institute, with which the contributor will be able to pay a small percentage of his taxes.

It is imperative for the state to encourage the diversification of our exports in all the industrial fields in which the country has comparative advantages. We are not going to [words indistinct] in the external sphere if our economy must depend upon a few exportable products. We have felt the serious repercussions on Colombia in the alterations suffered by our economic development due to the fluctuations of international prices of our exports, which even today constitute [words indistinct] agricultural products. It is the government's intention that our exports, especially manufactured products that utilize a large amount of manual labor, be a decisive factor in the expansion of our economy, particularly if it is kept in mind [words indistinct].

On the other hand, a developing country such as Colombia requires resources that must be imported, such as some intermediate products and capital. To acquire these goods, foreign exchange is needed and must be provided by exports without resorting exclusively to foreign loans, which should be allocated to the field of infrastrucure.

Management of the foreign exchange rate is an effective instrument for the development of this sector. We are not in favor of abrupt fluctuations in exchange policy because the consequences would be felt unfavorably in the internal sector as a result of inflation and acute recessions. But we do support a rational regime of variation of the exchange rate that will not produce so-called dirty currency [monedas sucias], which would determine later uncontrollable devaluations of inestimable proportions.

As president of the republic, I am willing, within an already well-known policy of democratic participation, to maintain the dialog which with you and other economic and social sectors [words indistinct] economic development with social justice will have the resolute support of the state. This government has no qualms as a result of others' benefits and wishes you all prosperity in your endeavours because these bring social peace to Colombia and are a legitimate source of pride for the country.

CFP DENIES ALLEGED COLLUSION WITH U.S. EMBASSY

PA090249Y Quito Cadena del Triunfo in Spanish 2300 GMT 8 Sep 78 PA

[Text] Concentration of Popular Forces [CFP] leader Galo (Vallas) Salazar has made a statement explaining the accusations of Dr Manuel Araujo, who he called a liberal guest. [as heard] Galo (Vallas) said the American ambassador's appearance on a television show, according to Manuel Araujo Hidalgo's report, during which the ambassador said that the constitutional process would be carried out, should be investigated because it could be construed as interference by the U.S. Embassy. (Vallas) agreed with Araujo Hidalgo on that point.

Galo (Vallas') statement added that Dr Araujo is trying to report alleged U.S. intervention in Ecuador by portraying U.S. collusion with the CFP. According to Galo (Vallas), this is an irresponsible statement because political adversaries do not know what to say or what to accuse the CFP of. Some days they say the CFP is fascist, other days they say it is communist, and now they are saying that it is imperialist. (?Such petty) accusations are contradictory and no more than sheer conjecture, (Vallas) said concerning Manuel Araujo Hidalgo's accusations.

ELECTORAL FRAUD ALLEGED; BOMB ATTACKS REPORTED

PA090248Y Buenos Aires LATIN in Spanish 1227 GMT 8 Sep 78 PA

[By Julio Cesar Villaverde]

[Text] Quito, 8 (LATIN)--The explosive Ecuadorean political situation deteriorated here today after dynamite attacks and reports of electoral fraud last night interrupted the vote count of the July presidential elections.

A weak bomb was unexpectedly detonated last night at the entrance to the Senate meeting hall inside the Legislative Palace, where electoral tribunal members, political leaders and newsmen were attending the final vote count. Shortly before that, Tribunal Vice President Rafael Arizaga contended during the public vote count that the election was "permeated by nullity and fraud."

All these ploys (alleged frauds and attacks) are instrumental in seeking the annulment of the July elections because the people won them, Julio Cesar Trujillo, leader of the political sector which nominated virtual winner Jaime Roldos of the Concentration of Popular Forces (CFP), immediately interjected.

A few hours earlier other explosive devices exploded in the homes of Trujillo and Juan Carlos Moncabata, of the same sector in Quito, and in the city of Guayaquil, 405 km southwest of Quito. There were no victims in any of the three cases or in the incident at the entrance to the crowded Senate hall. Property damage was slight.

The public vote count was suspended after the explosion until today. Government Minister Col Bolivar Jarrin immediately ordered "a thorough investigation," according to press reports.

In a written statement Trujillo accused rightwing and liberal leaders, as well as the Electoral Tribunal vice president, of trying "to malign the July election and seriously offend the leaders of our parties." He was referring to remarks by Arizaga Vega concerning "the madman from Guayaquil," clearly addressed to veteran politician Assad Bucaram, the top CFP leader.

He said the intention is to annul the election and justify "the establishment of another dictatorship that would immediately call elections for a Constituent assembly.

those who have been defeated by the people thereby hope to obtain a majority through pacts and compromises." Those who connive and speculate that way hope to render the constitution approved through a plebiscite in January (which will go into effect when the elected president takes office) valueless and keep power in the hands of the plutocracy. We oppose this shameless conspiracy, Trujillo added.

CFP LEADER APPEALS TO ARMED FORCES, CIVILIANS

PA092131Y Quito Cadena del Triunfo in Spanish 1255 GMT 9 Sep 78 PA

[Excerpts] Oswaldo Hurtado, the Christian Democratic candidate for vice president of Ecuador, who won the 16 July elections, has appealed to democratic sectors in the armed forces to join civilians in their effort to save the constitutional process. This process, according to Hurtado, is threatened by maneuvers and conspiracies of the oligarchy and the dictatorship itself. Hurtado said that developments in the Supreme Electoral Tribunal were aimed at provoking a reaction from the Concentration of Popular Forces [CFP] and popular democracy with the intention of discrediting the electoral process.

The vice presidential candidate denied charges of involvement in fraud allegedly committed during the 16 July elections according to the Supreme Electoral Tribunal's "soothsayer," Rafael Arizaga Vega. He noted that the annulments that have invalidated over 100,000 votes so far were introduced arbitrarily by the Supreme Electoral Tribunal. He pointed out that the tribunal is the only one that has the ballots with which a fraud, in the true sense of the word, could have been committed. In an interview with this radio station, Oswaldo commented on the present political situation explicitly:

[Begin recording] I am surprised by the statements made yesterday by the soothsayer of fraud. He said something similar before. But although he tried to show that fraud had been committed and even accused the CFP of committing it, so far this official has not been able to prove that any fraud exists or that anyone is to blame for it. What happens now with the vote counting is that, except for very few exceptions, annulments are almost totally due to the absence of envelopes or the lack of signatures on the envelopes containing ballots and tally sheets. This cause for annulment has been arbitrarily introduced by the Supreme Electoral Tribunal because it is not contained in either the election law or the party law but in the (?memorandum) of instructions, which was not even published before the electoral registry. So, where is the fraud, a word that implies the existence of ballots that are not those cast by the voters? If anybody in this country should be tried, it is not the Pichincha Electoral Tribunal. If anyone in Ecuador should be tried as an obstinate violator of the election law and barbarous violator of the popular will, it is the Supreme Electoral Tribunal with a few honorable exceptions such as Severo Espinoza.

An infamous campaign of slander has been mounted against us anonymously in the newspapers. Almost all businessmen, farmers, industrialists and military men have received leaflets in the mail which seek to discredit us. One day we were said to be leftists and extremists; a few days ago we were accused of collusion with the Americans. One day we are told we are communists, and the next day we are said to be fascists, and an engineer from Guayaquil--displaying an unfortunate lack of information--confuses fascism with Marxism.

In addition to this campaign on the part of the oligarchy, which has set up a special office in Guayaquil to distribute these slanderous leaflets, there has been an escalation of violence to incite economic and political panic. Together with the legal nitpicking of the Supreme Electoral Tribunal, all this is aimed at creating conditions for a coup that would disavow the popular victory of 16 July and the new constitution approved in the referendum and would install a new dictatorship. That could come about in this country only by blood and fire because it would be rejected by the Ecuadorean people. [end recording]

TWO POLITICAL DETAINEES REPORTED RELEASED

PY081509Y Asuncion ABC COLOR in Spanish 8 Sep 78 p 16 PY

[Excerpt] The National Commission for Human Rights in Paraguay (CNDDHP) released a communique yesterday regarding the detention of professors Luis Alfonso Resck, of the Christian Democratic Party, and Anibal Bernal, of the Febrerista Revolutionary Party. According to fellow party members, they were released yesterday.

OPPOSITION NATIONAL FRONT HOLDS FIRST MEETING

PY111538Y Asuncion ULTIMA HORA in Spanish 9 Sep 78 p 7 PY

[Text] Oscar Acuna Torres, first vice president of the Febrerista Revolutionary Party [PRF], termed "important and historic" the meeting which was held last night in the House of the People. He made this remark when he opened the first public meeting of the so-called National Front [Acuerdo Nacional] which was held under the banner of: "Unity Will Make us Free."

The meeting began at 1930 and lasted for more than 2 hours. During its course there were several speakers from the PRF, the Authentic Radical Liberal Party [PLRA] and from the Christian Democratic Party [PDCP]. The meeting was carried out in an atmosphere of normalcy and the meeting room of the PRF headquarters was filled to capacity.

Acuna Torres indicated that the meeting was an act of solidarity toward the political prisoners who are on a hunger strike. He also mentioned that President Carter's human rights policy is very important for the West.

Arnaldo Llorent, who spoke in the name of the PRF youth, said that "The National Front is one of the most important events of recent times and it is also a demonstration that political faltering has been overcome."

Justiniano Velastiqui, who spoke in the name of the PDCP youth, indicated that "the doors of freedom must open" and that "the winds of democracy are blowing throughout Latin America." A young woman member of the human rights commission read a list of the people who have presumably died due to political reasons, as well as people who have been detained and people who have disappeared.

Mrs Carmen de Lara Castro then spoke and asked for "a saintly call for all Paraguayans to carry the banner of human rights." Professor Luis A. Resck, PDCP leader, indicated that "it is not we who are the subversives; subversion comes from the top in view of the lack of guarantees." Miguel Angel Martinez Yaryes, president of the PLRA's Board of Directors, said: "Some short-sighted people intend to ignore us because we have not registered with an administrative organization, which in view of its functions should be called the board for the hand picking of puppet political parties," [referring to the Central Electoral Board].

Finally, Humberto Perez Caceres, of the PRF, indicated that the economic development being experienced by Paraguay is not being matched by the political evolution of the government leaders.

BRIEFS

PURCHASE OF JAPANESE VESSELS--The National Council for Economic Coordination authorized the State Merchant Fleet yesterday to purchase from Japan the following vessels: one 6,000-ton vessel; one 1,500-ton vessel; two 800-ton vessels; twenty 360-ton barges; two 2,400-bhp tugs; two 1,200-bhp tugs; one 300-bhp tug; and four 2,000-cubic meter petroleum barges. [Asuncion ABC COLOR in Spanish 7 Sep 78 p 12 PY

BANKING EMPLOYEES SUSPEND STRIKE FOLLOWING TALKS

PA111439Y Paris AFP in Spanish 1341 GMT 11 Sep 78 PA

[Excerpts] Lima, 11 Sep (AFP)--The Federation of Banking Employees of Peru today decided to temporarily suspend an indefinite strike that it called 4 days ago.

The federation, which is affiliated with the Communist Labor Central, the General Confederation of Workers of Peru, agreed to suspend the strike temporarily after holding talks with Labor Ministry authorities aimed at seeking a solution.

COLOMBIAN NEWSMAN FANJUL RELEASED BY PERUVIAN KIDNAPERS

PA111612Y Madrid EFE in Spanish 0910 GMT 10 Sep 78 PA

[Excerpts] Lima, 10 Sep (EFE)--Police found Colombian newsman Roberto Fanjul here today, physically abused and mentally distressed by his kidnaping. Fanjul was barely able to speak because of exhaustion. The Colombian Embassy asked police to detain him for his own security.

Fanjul was apparently kidnaped by the so-called Peruvian Anticommunist Alliance (AAP).

An anonymous phone caller informed Lima police early this morning that there was a dead man near the road to Ventanilla, a district about 20 km from the capital. Investigating the caller's report, police found Fanjul sitting amid a bunch of papers. One of the papers was cut into small pieces that were pasted together. It contained a message from the AAP accusing Fanjul of being an Argentine Montonero. The note said that the newsman came to Peru to contribute to Trotskiyte plans in the country.

The AAP warned the Peruvian Government to take steps against Hugo Blanco's communists. Blanco is a leader and deputy of the leftist Popular Student, Peasant and Worker Front (FOCEP).

PRIME MINISTER COMMENTS ON POLITICAL CONSOLIDATION

PY111345Y Lima Domestic Service in Spanish 1200 GMT 11 Sep 78 PY

[Text] Prime Minister and War Minister Gen Oscar Molina Pallochia believes that the need for a close understanding between the government and the Constituent Assembly is the most important factor for the transfer of power.

In remarks made to the press in Iquitos he said: I believe that this fundamental step towards the consolidation of social democracy in our country is guaranteed.

Molina Pallochia also said: I am convinced that we are experiencing an important stage in the history of our fatherland.

He also emphasized that the new constitution to be drafted by the assembly will regulate the norms of a new society and will reflect the desires of all Peruvians.

He also indicated that the recovery that the country needs is based on the workers who are aware of their responsibilities and of the [words indistinct].

Finally, Molina Pallochia admitted that Peru is experiencing a crisis and therefore the government, despite its good will, many times cannot satisfy the just needs of the workers.

COSTA RICA

Calderon Fournier Announces Possible Regional Summit

PA081509Y Buenos Aires LATIN in Spanish 1915 GMT 7 Sep 78 PA

[Excerpt] Guatemala City, 7 Sep (LATIN)--Costa Rican Foreign Minister Rafael Angel Calderon Fournier disclosed here that President Anastasio Somoza has agreed to attend a meeting of Central American presidents which Costa Rica is promoting ... in an attempt to resolve the serious crisis affecting Nicaragua.

"This is an exploratory trip. Everyone is concerned over the situation in Nicaragua. Later, there may be a meeting of presidents of the area to discuss the matter," Calderon Fournier said on his arrival here. The Costa Rican foreign minister arrived here today as part of a lightning tour of Honduras, El Salvador and Guatemala to sound out the possibility of calling a Central American summit meeting to seek a formula for resolving the crisis in Nicaragua.

"The Nicaraguan Government was informed of the purpose of my trip and Gen Anastasio Somoza himself is willing to attend a meeting of Central American presidents," Calderon Fournier told newsmen. We Central Americans are dutybound to help Nicaragua, the foreign minister told newsmen. "Our feelings and our deep concern are generalized. We must seek a way to help Nicaragua." "This is the time for us to establish the bases of rapprochement in order to decide what we can do. We will have to implement our decisions later," he said.

The foreign minister said: "I bring no specific proposal. My mission is to inform President Romeo Lucas of President Rodrigo Carazo's concern over the situation prevailing in Nicaragua."

Regarding whether a formula for resolving the crisis exists, the foreign minister emphasized that "it is a matter of exploring formulas that will bring peace and tranquillity to Nicaragua."

Asked whether Costa Rica is concerned that the fall of the Somoza regime could lead to the establishment of a communist government led by the Sandinists, the foreign minister replied: "...Exactly, that could be a concern since the Sandinists have declared themselves to be Marxists."

Regarding the results of his visits yesterday to El Salvador and Honduras, Foreign Minister Calderon expressed satisfaction, although he gave no details regarding his talks with President Carlos Humberto Romero and Gen Policarpo Paz, chief of the Honduran military junta.

Ministers Will Discuss Nicaragua

PA1001J1Y Panama City ACAN in Spanish 1700 GMT 8 Sep 78 PA

[Excerpts] San Jose, 8 Sep (ACAN-EFE)--The Costa Rican presidency has announced that Central American foreign ministers, not presidents, will discuss the critical political situation in Nicaragua. At the end of a cabinet meeting late last night a communique was issued saying that the Central American foreign ministers will meet to discuss this issue in New York City on 25 September, during the UN General Assembly meeting. The official announcement that the foreign ministers are the ones who are going to seek a way to prevent further bloodshed in Nicaragua leads to the assumption that overtures for a Central American summit meeting failed. Costa Rican Foreign Minister Rafael Calderon returned to San Jose last night and immediately went to the cabinet meeting to make a detailed report [on his trip to El Salvador, Honduras and Guatemala].

No details of his report were made public. The government communique says that Foreign Minister Calderon "had some initial contacts to try to establish a common Central American position regarding Nicaragua's problems." The communique also states that the upcoming foreign ministers meeting is being held at the suggestion of Costa Rican President Rodrigo Carazo.

GOVERNMENT REPORTEDLY NOT INTERCEDING IN FAVOR OF SOMOZA

PA1003422 Paris AFP in Spanish 1536 GMT 9 Sep 78 PA

[Text] San Jose, 9 Sep (AFP)--In a statement made public here today, Costa Rican President Rodrigo Carazo rejected a charge that his government is trying to intercede in favor of Gen Anastasio Somoza's regime. Communist Deputy Humberto Vargas had accused him of doing so Friday. Carazo reiterated that Costa Rica's position is noninterference in the domestic affairs of other states but, he added, "it is impossible to remain indifferent to the tragedy of the Nicaraguan people." Earlier this week Carazo sent his foreign minister to Honduras, El Salvador and Guatemala to discuss the Nicaraguan political situation with the presidents of those countries.

EL SALVADOR

POLICE CAPTURE TWO OF BJORK'S KIDNAPERS

PA1022311 Paris AFP in Spanish 2232 GMT 9 Sep 78 PA

[Text] San Salvador, 9 Sep (AFP)--It was announced here today that the Salvadoran National Guard has captured two of the kidnapers of the manager of the Swedish L.M. Ericsson Company's local branch, who, after being held for 10 days, was recently released.

The two captured kidnapers, small farmer Miguel Angel Torres, 23 and student Jesus Antonio Quintanilla Lara, 22, were taken before the press. The two men admitted to having participated in the kidnaping of Swedish executive Kjell Bjork on 14 August, as he was leaving the company's offices in the downtown area of this capital. According to them, the ransom money paid by the family, the amount of which has never been disclosed, will be used to finance the campaign launched by the various clandestine groups active in El Salvador.

Kjell Bjork was released by his kidnapers after the payment of a ransom in cash and the publication in several countries of a message signed by the so-called Armed Forces of National Resistance.

The young kidnapers admitted to the press that they belong to that group and disclosed that they had received training in a camp located in Costa Rica. They added that they had been trained in Costa Rica by instructors from other Central American countries, among them Eden Pastora, the Nicaraguan "Commander Cero" who led the seizure of the National Palace in Managua.

The kidnapers admitted that the abduction had been carried out by several persons but denied knowing the real names of those persons, indicating that they had identified each other by pseudonyms. According to them, they did not plan the operation and only received instructions during the kidnaping, but they did not explain what their role had been.

The National Guard, which has not disclosed the date of the two guerrillas' capture, announced that they will now be turned over to the criminal courts where they will be tried in accordance with ordinary laws.

GUATEMALA

GOVERNMENT OPPOSES OAS MEETING ON NICARAGUAN SITUATION

PA120747Y Buenos Aires LATIN in Spanish 0051 GMT 12 Sep 78 PA

[Text] Guatemala City, 11 Sep (LATIN)--It was announced officially here today that Guatemala will vote against calling a consultative meeting of foreign ministers on the Nicaraguan problem. It was announced at the same time that Guatemalan Foreign Minister Rafael Castillo Valdez has not received an official invitation to attend the meeting of Central American foreign ministers in New York.

The press communique released today after 1800 (2400 GMT) said the Guatemalan Government "is respectful of the principle of international law of nonintervention in the internal and external affairs of states." It added: "Based on this, the Foreign Ministry has instructed the Guatemalan ambassador to the OAS to vote against the calling of a consultative meeting of foreign ministers and to explain his vote and make Guatemala's position on the matter entirely clear." However, it "expresses its concern at the developments afflicting the fraternal Republic of Nicaragua."

NICARAGUA

NATIONAL GUARD LAUNCHES COUNTEROFFENSIVE IN MASAYA

PA111958Y Paris AFP in Spanish 1905 GMT 11 Sep 78 PA

[Text] Managua, 11 Sep (AFP)--The Nicaraguan army announced here today a vast counteroffensive to disclose rebels controlling a large part of Masaya city. The operation is in the hands of the combat units of the elite "General Somoza" Battalion, which this morning was nearing rebel positions in the southern part of Masaya. The reinforcements, sent by the army to alleviate pressure on the Masaya garrison, first tried a surrounding operation, coming in from the east, but were forced to give up when they encountered heavy resistance from rebels armed with machineguns and carbines. The Sandinists are controlling the highway around Masaya, 30 km south of Managua. National Guard forces are in the center, but they have managed to open a corridor through the highway leading to the north. A company of 100 soldiers is posted all along this highway to support the attack by the special battalion.

It is estimated that several hundred armed rebels are dispersed throughout the districts of Santa Rosa, San Miguel, Barrio Loco and the Indian district of Monimbo. The rebels are controlling the exit of the Masaya highway toward the south and have set up checkpoints where they search vehicles.

At noon, military helicopters opened machinegun fire on the surrounding highway. Two foreign newsmen were almost killed when one of the helicopters opened fire on the tree in which they were hiding. The newsmen hoisted a white flag and the attack ended. One of them is Bernard Deideric, a New Zealander who is the director of THE TIMES [as received] office in Mexico.

The Sandinists have issued an ultimatum to the Masaya military command to give up or they will be attacked at noon.

Guard Claims Victory

PA120155Y Managua Domestic Service in Spanish 0045 GMT 12 Sep 78 PA

[Text] The Nicaraguan National Guard exercises complete control in the city of Masaya, according to a reporter of this newscast.

He said that at 1430 the Nicaraguan army had already obtained control of the situation in the city of flowers. Naturally, the atmosphere was still tense due to the vigilance of the military patrols, which are still trying to eliminate pockets of armed terrorists in different parts of the city. A National Guard source consulted a short time ago by this newscast said that the general situation of Masaya and the whole department is under complete control of the National Guard, which is determined to eliminate pockets of resistance in the city.

GOVERNMENT CLAIMS CONTROL OF LEON; FIGHTING STILL REPORTED

PA1120559Y Paris AFP in Spanish 1930 GMT 11 Sep 78 PA

[Text] Managua, 11 Sep (AFP)--The Nicaraguan Government today insisted that it is in control of the situation in the city of Leon, but press reports indicate that fighting is still going on. It is estimated that at least 50 persons have been killed in the clashes in Leon since Saturday, the day when the rebels started their offensive. Ernesto Castillo, the son of one of the members of the Group of 12 which is leading the opposition against the government, is among the persons killed.

The city of Leon has been badly destroyed by army tanks which used cannon fire to annul the snipers' actions. Among the buildings destroyed is the university auditorium.

COMMUNIQUE CLAIMS FSLN CONTROLS MOST OF CHINANDEGA

PA1207327 Panama City ACAN in Spanish 0345 GMT 12 Sep 78 PA

[Text] Managua, 11 Sep (ACAN-EFE)--Rebel forces reportedly control "three quarters" of the city of Chinandega, 165 km west of here. This was reported in a Sandinist National Liberation Front (FSLN) communique read to ACAN-EFE NEWS AGENCY over the telephone by an unidentified person.

The Sandinist report added that in Chinandega the National Guard "is only patrolling outside the city with a light tank." The rebel communique says the army is planning to use the air force to attack Chinandega tomorrow. According to the rebels, the National Guard plans to use Israeli suction and exhaust (chupa y sopla)-type jets.

"We want to expose to the world the plans to bomb Chinandega as intercepted by our intelligence service," said the communique read over the telephone. The informant said the Chinandega operation is named "Julia Pomarez." It includes the installation of a provisional government in Chinandega, "a revolutionary government junta in the hands of the people." The communique was released "at some place in Nicaragua" and signed by "Salvador." It concludes asking for the support of the Nicaraguan people.

CALM REPORTED IN MANAGUA; FIGHTING IN OTHER CITIES

PA1209235Y Buenos Aires LATIN in Spanish 0855 GMT 12 Sep 78 PA

[By Jorge Canales]

[Excerpts] Managua, 12 Sep (LATIN)--In Managua the situation is relatively calm after there was shooting at midnight near the Pene Bohick District in the southeast and around the western market, where fruit, vegetable and cereal supplies from the countryside arrive. The stores in the area, which have been kept open to permit the people to obtain provisions, despite the prolonged struggle, had some shortages but the situation does not look serious at present.

The Red Cross told LATIN shortly after midnight that the situation in Jinotepe and Diriamba, near Masaya, was tense. There were the intermittent explosions of contact bombs and machinegun fire in various areas. However, there have been no clashes or persons seriously wounded.

In Leon, 90 km to the north, where a wave of looting started yesterday morning, the Red Cross reported that at least 21 civilians and soldiers have died and 31 have been wounded. Although the rebels are operating in several sectors of Leon, clashes have been particularly intense in Subtiava District. A newsman at the Red Cross station said that the guerrillas are fighting with .22 caliber rifles, .38 and .45 caliber pistols, shotguns and homemade bombs. The rebels have cut off the public power supply and some sections are without water, sources said.

The Somoza government has decreed martial law for 30 days in Masaya and Esteli Departments. However, no newsman has been able to find out how serious the situation is in Esteli, 160 km north of Managua, or how serious was the crisis that led to such drastic government action.

RED CROSS REPORTS 29 DEAD, 45 WOUNDED NATIONWIDE

PA112102Y Paris AFP in Spanish 1941 GMT 11 Sep 78 PA

[Text] Managua, 11 Sep (AFP)--The Red Cross announced today that as of noon on Monday 29 persons had been killed and 45 wounded during the 3 days of fighting which began on Saturday throughout the country. The figures differ considerably from estimates made by the press, according to which approximately 100 had been killed through yesterday, one-half of them in the city of Leon. At the same time, the Red Cross today moved a large part of its personnel and equipment toward the city of Masaya, where an announced great army counteroffensive could leave a large number of victims. The Red Cross said that the majority of the dead and wounded are civilians.

FSLN'S PASTORA SAYS 1,100 GUERRILLAS OPPOSING SOMOZA

PA112247Y Paris AFP in Spanish 1958 GMT 11 Sep 78 PA

[Text] San Jose, 11 Sep (AFP)--Some 1,100 Nicaraguan guerrillas belonging to the 12 regional organizations of the Sandinist front are engaged in the offensive against the government of Gen Anastasio Somoza, Sandinist leader Eden Pastora, better known as "Commander Cero," declared here today. Pastora, who last month led the guerrilla attack against the National Palace in Managua, said in an interview with a Costa Rican newspaper that the rebels have sufficient arms and munitions to "extend the fighting until the fall of Somoza or the dismantling of the National Guard."

Pastora's statements were made just before leaving for Panama together with Sandinist leaders Plutarco Hernandez and Fernando Chamorro.

Meanwhile, Nicaraguan poet Ernesto Cardenal, in statements to LA PRENSA of Costa Rica, said "there is no danger that a communist government will be established in Nicaragua with the overthrow of Somoza." Cardenal, also a Sandinist militant, as well as Pastora, expressed support for a provisional government made up of the Group of 12 and "other anti-Somoza forces which have participated in the overthrow of the regime."

The program proposed by the Sandinists for that provisional government includes as one of its points the nationalization of Somoza's assets and properties and those of his close collaborators. Among other points included are the agrarian, educational and urban reforms and the creation of a "popular and democratic" army. Both leaders are opposed to any intervention in Nicaragua by Central American nations or the United States.

REBELS ENTER COUNTRY, CROSSING NORTHERN, SOUTHERN BORDERS

PA112244Y San Jose Radio Monumental in Spanish 2135 GMT 11 Sep 78 PA

[Text] A column of more than 150 men from Costa Rica has entered Nicaragua in the last few hours [words indistinct] a similar column with red and black kerchiefs of the Sandinist National Liberation Front [FSLN] entered from Honduran territory and attacked the Jinotega command in northern Nicaragua. This information was supplied by our correspondent Santiago Meneses from Managua: [begin recording] We have just been informed that more than 150 revolutionaries with red and black kerchiefs crossed the Nicaraguan border in the south, that is, the Costa Rican border with Nicaragua. They passed the city of Hiba, never bothering to stop to challenge the Nicaraguan troops stationed in that city. It was reported that these guerrillas were headed directly for the city of Masaya, which has been fighting against the Nicaraguan army for the last 3 days and in which martial law has been declared. We were also told that in the north, on the border with Honduras, another group of guerrillas entered and attacked Jinotega, 230 km north of the capital.

We were told by another source that fighting is continuous in Jinotega, Matagalpa, Esteli--where a state of siege has also been declared--and in Chinandega, Leon, Masaya and Granada. In Managua, machinegun bursts and bomb explosions could be heard in different parts of the city all last night. The number of dead has so far not been determined but it is presumed that more than 80 have been killed since the figures of the Red Cross have not been made public, because the organization has been practically under the control of the army. The Masaya Red Cross has been unable to give an official report because communications are interrupted. The road to Masaya, which is the same one that goes to Granada, is blocked and the soldiers are trying to prevent all access to that city. Entry to that city is prohibited.

In this morning's shooting a place called (?Los Sabogales), in the District of Monimbo [in Masaya], was machinegunned. Monimbo is the place where the most intense clashes with Sandinists, who are wearing red and black kerchiefs around their necks, have occurred. According to another report [words indistinct] elements which are fighting against the Nicaraguan army [words indistinct]. They have machineguns and rifles and they also make use of [changes sentence]....according to persons who have fled from Masaya following those incidents, they told us that the people are fighting [words indistinct]. All those sectors are under the control of the revolutionaries who have been shooting it out with the National Guard for the past 3 days. This has been a report by Santiago Meneses from Managua. [end recording]

MERCENARIES ARRIVE TO JOIN SOMOZA FORCES

PA112225Y Paris AFP in Spanish 2101 GMT 11 Sep 78 PA

[By Andres Tiempo, special AFP correspondent]

[Text] Managua, 11 Sep (AFP)--Over 300 Central American mercenaries, mostly Guatemalans and Salvadorans, apparently arrived in Nicaragua in the last 24 hours to join forces loyal to President Anastasio Somoza, according to rumors circulating here today.

In the third day of the new warlike crisis, Nicaragua has openly reached a stage of civil war despite efforts by the Somoza regime to control the situation.

The Central American mercenaries, linked to isthmian antiguerrilla activities in recent years, were organized in San Salvador, according to reliable sources.

Many of the reinforcements for the Somoza forces arriving here have worked in various security organizations in Central America, especially to protect persons or entities threatened with terrorist attacks.

A European diplomatic source consulted here by this correspondent commented that "the arrival of reinforcements for the National Guard may have come too late," as the National Guard has been incapable of controlling the situation up to this day.

Following the establishment of a state of siege in Masaya and Esteli, the situation was described as unchanged by an official spokesman. However, it seems to be getting worse as a result of the decision by the rebels to continue fighting on the streets, highways and other strategic points in the country. The rebels turned down the possibility of a provisional government headed by a cousin of Somoza, Luis Pallais Debayle, director of the progovernment daily NOVEDADES and spokesman of the ruling Liberal Party.

Sandinist sources insisted that the new regime must be based on the so-called Group of 12, considered to be identified with the guerrilla movement.

The scarcity of food, the nearly total paralysis of all productive activities and the flight of capital from the country dominated the nonviolent situation in Nicaragua today. Private sectors are skeptical about the future of the country. It was said that "it appears that the Nicaraguans may have to decide between a socialist totalitarianism and the dynasty of a family" and that, in any case, "an authentic democracy apperars to have been eliminated."

Rumors circulating Sunday night on the possible resignation of Somoza were not officially confirmed although Luis Pallais Debayle's contacts with Costa Rican, Panamanian and Venezuelan authorities was considered "something necessary under the present circumstances."

The result of a lengthy talk by President Somoza with the top leaders of the Nicaraguan army was also kept absolutely secret. However, the FAO (Broad Opposition Front) said that they probably discussed the formula by which "Somoza may abandon power."

SOMOZA GRANTS INTERVIEW TO MADRID 'ABC'

ID111523Y Madrid ABC in Spanish 8 Sep 78 p 17 LD

[Alfredo Semprun undated telephone interview with President Anastasio Somoza: "Absolute Normality in Nicaragua"]

[Excerpt] [Question] Mr President, where do you seek the causes of this new outbreak or resurgence of "Sandinism"?

[Answer] You are mistaken. The "Sandinism" we defeated years ago no longer exists.... It is finished. All its leaders were in custody, although they have now gained their freedom in the audacious and spectacular fashion of which you are aware in a very recent incident. But this "coup" was the swansong of the "original Sandinism." Today, in addition to its remains there are two other factions, the so-called Tertiary Front and the Proletarian People's War Group, all of which are highly disorganized internally and possess scarcely any strength, despite all the foreign support they are receiving to help them upset our life as a democratic republic....

[Question] You speak to us of a democratic republic, Mr President, at a time when the international press is almost unanimous in referring to you as the fourth successor in a dynasty of directors.... How can I explain this differnce to our readers?

[Answer] I am aware of the campaign of international denigration to which my country, and hence the president of its republic, who was elected by fully democratic universal suffrage, are being subjected.

I am aware of all this, but in actual fact it does not worry me as much as the welfare of our people, the tranquillity of our national life and the prosperity of our country and its people.

What does worry me--and we are combatting this--is the money and support of all kinds with which certain foreign countries are showering the forces of subversion in my country to disrupt our rhythm of growth in peace and prosperity....

[Question] Mr President, it is also said that the National Guard is split.

[Answer] The National Guard has no other mission or objective than the constitutional defense of our democratic republic....

[Question] Well then, Mr President, can we say that the recent crisis in Nicaragua is over?

[Answer] As far as Marxism allows, yes.

[Question] I am sorry, I do not understand.

[Answer] I mean yes, but we must expect fresh outbreaks in the more or less imminent future, since the Marxists will not cease their destabilization attempts.

Accusations Against Two Countries

[Question] Through which countries?

[Answer] The help and support come especially from Cuba and Venezuela, but here the channels are certain leftwing political parties which it is impossible for me as president of the republic to mention at present until the investigations are over....

[Question] Changing the subject, it is also said that the causes of the death of my friend Dr Chamorro are still unknown. How much truth is there in this statement?

[Answer] You know very well how much respect I always had for Dr Chamorro, despite the fact that his newspaper and he acted as spokesman for the most violent opposition to my mandate.... Believe me when I assure you that the actual assassins and the man who hired them, a certain Mr Pena, have been in custody awaiting trial since a few days after his death. Pena confessed that he was hired in turn by a Cuban who was a personal enemy of Dr Chamorro, a man named Ramos who was engaged in a lawsuit with him.

[Question] And where is this Cuban?

[Answer] He was a refugee from Cuba, based in Miami. It has not been possible to interrogate him since he has not returned to this country since Pena was detained.

[Question] Would you like to say anything more, Mr President?

[Answer] Only to beg you to use this opportunity to calm those of my compatriots who are resident in Spain. There is absolute tranquillity in Nicaragua at present and the agitators are in custody, but we are not exerting, nor will we exert, any type of repression. The street fights were never provoked by the republic but by its enemies. Let them not be deceived by the campaign of denigration which is being waged and let them understand that we are facing not so much a guerrilla war as a philosophical war in which all the free countries of the Western World are involved. Many thanks.

[Semprun] Thank you, Mr President.

SANDINISTS ISSUE WAR COMMUNIQUE NO 5

PA1119477Y San Jose Radio Monumental in Spanish 1855 GMT 11 Sep 78 PA

[War communique No 5 of Sandinist National Liberation Front--read by announcer]

[Text] The national leadership and general staff of the Sandinist National Liberation Front [FSLN] report to the Nicaraguan people and the world that despite the efforts of Somoza's National Guard to control the situation, the Sandinist popular insurrection continues to spread throughout the country.

In desperate bid to regain control, the Somozist army has vented its fury on the civilian population. This has resulted in hundreds of victims [words indistinct] the criminal history of the dictatorship.

The squadrons, militias and the Sandinist front in general have heroically and efficiently confronted the Somozist enemy, causing serious casualties among its [word indistinct] and mobilized forces. They have also neutralized, damaged and set on fire some armored and artillery forces. More details in this regard will be given in later bulletins. In the meantime, it can be estimated that in the last 3 days, over 100 [word indistinct] between dead and wounded and [words indistinct]. Our forces have also caused serious damage to enemy positions such as garrisons, posts, [words indistinct] and other installations directly linked to Somozaism.

Moreover, the FSLN general staff [word indistinct] reports the attack against the border checkpoint of Las Manos, in the Department of Nueva Segovia and the advance of its forces (?through it).

Our Sandinist army has also suffered some casualties. The general staff of the Rigoberto Lopez Perez Western Front reports the fall in combat of Sandinist (?guerrilla) Ernesto Brandio (Salaberri), in the city of Leon.

[Words indistinct] free (?fatherland) or death.

Support to the provisional government and repudiation of the Central American Defense Council's intervention.

[Signed] Daniel Ortega, (?Manolo) [name indistinct] and Humberto (Ortigas Aves)

BANKS IMPOSE UNOFFICIAL CURRENCY RESTRICTIONS

PA1203307 Panama City Televisora Nacional in Spanish 2315 GMT 11 Sep 78 PA

[Report by Manuel Esquivel from Managua--recorded]

[Excerpt] It was unofficially announced by the banks that controls have been imposed on the sale of foreign currency for the first time in many years.

The government has always emphasized the fact that Nicaragua had a free currency market due to the strength of the cordoba. Nevertheless, banks reported today that currency restrictions have been imposed, but the information has not been made official by the Central Bank. Furthermore, the banks closed at 1300 today and announced that they will be open for business only in the morning for the next few days, until the situation in the country becomes clearer.

INTER-AMERICAN HUMAN RIGHTS COMMISSION TO VISIT

PA1203527 Managua Domestic Service in Spanish 0208 GMT 12 Sep 78 PA

[Communique No 60 issued by the press and information office of the presidency of the republic--read by announcer]

[Text] The press and information office of the presidency of the republic hereby reports to the people of Nicaragua important information concerning the invitation previously extended by the Nicaraguan Government to the Inter-American Human Rights Commission.

In fact, His Excellency President of the Republic Anastasio Somoza Debayle, in various press conferences and public statements, has expressed his wish for the abovementioned commission to visit our country to confirm on our own territory that the Government of Nicaragua has promoted the observance and defense of human rights, which are fully guaranteed by the constitution of the republic.

His Excellency President of the Republic Anastasio Somoza Debayle is now pleased to announce through this office that by virtue of a previous official invitation from his government to the president of that honorable commission, Andres Aguilar, it has been agreed that its visit to Nicaragua will take place on 5 October.

It is important to point out that the Foreign Ministry of the Government of the Republic of Nicaragua has satisfactorily responded to the repeated complaints brought to the attention of the honorable commission about claims either generally unfounded or explainable.

In any case, the Inter-American Human Rights Commission, created in 1959, will remain in Nicaragua as long as it deems it necessary to confirm in our country the efforts made by President Gen Anastasio Somoza for the observance of human rights and his constitutional government's firm determination to comply with its international commitments.

Managua, National District

11 September 1978

[Signed] Press and Information Office of the Presidency of the Republic

BRIEFS

COSTA RICAN LOAN AGREEMENT--Costa Rican Foreign Minister Rafael Angel Calderon Fournier and FRG Ambassador Juergen Scholl signed a 10-million mark loan agreement this afternoon. The loan is to be repaid in 30 years, with a 10-year grace period and at an annual interest rate of 2.5 percent. The loan will be used to repair and improve Puerto Limon. [San Jose Radio Reloj in Spanish 0100 GMT 5 Sep 78 PA]

DETAILS OF CASTRO, SUAREZ PRESS CONFERENCE REPORTED

FL112233Y Havana Domestic Service in Spanish 2130 GMT 11 Sep 78 FL

[Excerpt] After the first agreement between Spain and Cuba was signed yesterday afternoon in Cubanacan's protocol hall, Spanish President [as heard] Adolfo Suarez and Cuban Council of State President Fidel Castro held a press conference at which the illustrious visitor stated the present Spanish Government's proposals to expand relations with Cuba and to cooperate in achieving peace and justice in the world. Adolfo Suarez stated that he had had the honor of passing on an invitation from King Juan Carlos to Comrade Fidel to pay an official visit to Spain. The date of the visit will be set later. At the press conference, Fidel stated that Cubans will never forget the difficult days of the blockade and how the Spanish Government decided not to break relations with Cuba despite imperialist pressures. Fidel added that now, more than ever, there are favorable circumstances for developing relations with each other, and that the perspectives for these talks look promising and favorable and that they will be increasing. Fidel concluded by saying that the only thing we expect from Sapin is brotherhood and friendship, because we are friendly nations.

SPANISH-CUBAN JOINT COMMUNIQUE PUBLISHED BY GRANMA

PA111913Y Havana International Service in Spanish 1800 GMT 11 Sep 78 PA

[Excerpt] The newspaper GRANMA today published the Spanish-Cuban joint communique signed in Havana at the end of the visit Spanish Prime Minister Adolfo Suarez paid to Cuba from 9 to 10 September, in response to an invitation from Fidel Castro, president of the Council of State and Council of Ministers of Cuba. The communique states that Suarez and Castro heldwide-ranging talks on bilateral, regional and international matters in a friendly and cordial atmosphere involving precise exchanges of viewpoints on the status [desarrollo] of political prisoners in their respective countries.

A basic technical and scientific cooperation agreement was also signed during Suarez's visit. It lays the groundwork and opens prospects for further development of relations in this field.

Cuba and Spain agreed to reach a final and complete solution to the claims of Spanish citizens affected by Cuban law and to the procedure for the conclusion of an agreement in this regard.

Castro and Suarez expressed their satisfaction over the results of the visit and particularly over the positive effect it will have on the development of ties between the two governments and peoples.

The president of the Cuban Council of State and Council of Ministers delivered to Suarez a message of greetings from the Cuban Government and people to the Spanish chief of state, King Juan Carlos I.

PRIME MINISTER SUAREZ, DELEGATION DEPART

FL112210Y Havana Domestic Service in Spanish 2130 GMT 11 Sep 78 FL

[Excerpt] Adolfo Suarez Gonzales, president [as heard] of the Spanish Government was bid farewell today by Raul Castro, first vice president of the Councils of State and Ministers, after completing a brief stay in Cuba. The Spanish leader was also bid farewell by Blas Roca Calderio, president of the people's government National Assembly, Council of Ministers Vice President Osvaldo Dortikos, Culture Minister Armando Hart Davalos and other leaders.

Suarez' departure early this morning from Jose Marti International Airport concluded the visit made in response to an official invitation from Fidel Castro, president of the Council of State and government.

VENEZUELAN OIL TO BE IMPORTED IN FOUR-SIDED ARRANGEMENT

PA112012Y Paris AFP in Spanish 1828 GMT 11 Sep 78 PA

[Text] Havana, 11 Sep (AFP)--It was learned here today that Cuba will receive 500,000 tons of Venezuelan oil a year. This amount is part of a four-party operation among Venezuela, Cuba, Spain and the Soviet Union. Under the agreement, Venezuela will deliver to Cuba, beginning next year, 10,000 barrels (officially unconfirmed) of crude, part of the quota sold to Madrid, while the Soviet Union will offer Spain the same amount of oil.

This topic was discussed in Caracas on the occasion of the official visit made by Spanish Prime Minister Adolfo Suarez late last week. However, it was not included on the agenda for the official talks which the Spanish Government official held with President Fidel Castro on Saturday and Sunday. The same sources added that only technical problems such as transportation, refinement and others remain to be solved. Cuba receives 9 million tons of fuel a year from the Soviet Union.

U.S. STATE DEPARTMENT CONDEMNS BOMBING OF UN MISSION

FL121156Y Havana Domestic Service in Spanish 1100 GMT 12 Sep 78 FL

[Text] U.S. Department of State spokesman Hodding Carter has stated that the United States severely condemns the senseless attack committed on 9 September against the Cuban mission at the United Nations in New York. The spokesman stated that the bomb which went off near the Cuban mission without causing any personal injuries did cause major damage and it could have injured passersby if they had been near the site of the explosion. According to the spokesman, a group of Cuban exile terrorists claimed responsibility for the attack. They will be sought and sentenced according to the law.

ANGOLAN CONSTRUCTION MINISTER TOURS PINAR DEL RIO

FL112021Y Havana Domestic Television Service in Spanish 1700 GMT 11 Sep 78 FL

[Excerpt] Angolan Construction Minister Manuel Rezende de Oliveira has toured Pinar del Rio Province. He was accompanied by Julio Camacho Aguilera, member of the Central Committee and party first secretary in the province. The sugarcane mill, 30 de Noviembre (Taco Taco), was one of the installations visited.

FIDEL CASTRO MEETS WITH ANGOLA'S ANTONIO DOS SANTOS FRANCA

FL091549Y Havana Domestic Service in Spanish 1045 GMT 9 Sep 78 FL

[Text] Commander in Chief Fidel Castro, first secretary of the PCC and president of the Council of State and government, has received Commander Antonio dos Santos Franca, member of the MPLA [Popular Movement for the Liberation of Angola]-Labor Party Politburo and an outstanding revolutionary combatant who is visiting Cuba. Attending the meeting were Army Gen Raul Castro, second secretary of the Central Committee and minister of the Revolutionary Armed Forces, and Commander of the Revolution Juan Almeida, member of the PCC Politburo.

Dos Santos Leaves

FL1211643Z Havana Domestic Service in Spanish 1100 GMT 12 Sep 78 FL

[Text] Cmdr Antonio dos Santos Franca, member of the MPLA-Labor Party Politburo, has left to return to the People's Republic of Angola. At the airport in Havana the Angolan leader was seen off by Commander of the Revolution Ramiro Valdes Menendez, member of the PCC Politburo and Vice Minister of the Council of State. Also at Jose Marti International Airport to see Commander Dos Santos off were Division Generals Senen Casas Regueiro, first vice minister-chief of the general staff, and Abelardo Colome Ibarra, vice minister of the Revolutionary Armed Forces (FAR), both members of the PCC Central Committee and Council of State. Dos Santos traveled to Cuba to officially return the three Cuban internationalist combatants who were taken prisoner during the Angolan war of liberation, their having been wounded and later exchanged for prisoners of the South African minority regime.

MOZAMBIQUE DELEGATION VISITS LIVESTOCK BREEDING FARM

FL081733Y Havana Domestic Television Service in Spanish 1700 GMT 8 Sep 78 FL

[Text] The military delegation of the People's Republic of Mozambique led by Armando Emilio Guebuza--member of the standing political committee of the Mozambique Liberation Front central committee, political commissar of the Popular Liberation Forces and deputy minister of national defense--has visited the Valles de Picadura livestock breeding farm and the agricultural command post in Havana. The visitors were accompanied by Col Gustavo [illegible] and Lt Col Salvador Quinderan of Revolutionary Armed Forces directorates.

Guebuza Meets Raul Castro

[illegible] Service in Spanish 1045 GMT 11 Sep 78 FL

[Text] Army Gen Raul Castro, second secretary of the PCC and minister of the Revolutionary Armed Forces (FAR), has met with Armando Emilio Guebuza--member of the standing political committee of the FRELIMO [Mozambique Liberation Front] central committee, political commissar of the Popular Liberation Forces and vice minister of Mozambican national defense. The meeting, held in a cordial and friendly atmosphere, was attended by the rest of the Mozambican military delegation visiting our country and Div Gen Senen Casas Regueiro, member of the PCC central committee and first vice minister-chief of the general staff. Later that night the Mozambican delegation left to return to their country. They were bid farewell at Jose Marti International Airport by Div Gen Senen Casas Regueiro and other vice ministers and generals.

FREES MEXICAN CLOSE ALLENDE, CHILE SOLIDARITY NIGHT

FL1810044Y Havana Domestic Service in Spanish 1000 GMT 12 Sep 78 FL

[Text] [illegible] member Antonio Perez Herrero stated last night that Cuba will always be [illegible] the profound example of President Salvador Allende, who died heroically [illegible] Moneda Palace. The day of solidarity with the Chilean people culminated with an event in remembrance of the dead leader of that country, which was held at the National Central Organization of Cuban Workers--CTC--Lazaro Pena Theater. Perez Herrero praised the achievements obtained by Popular Unity and stated that the Chilean people [illegible] historical repercussions and showed the world that imperialism and the bourgeoisie are willing to accept the illiberal steps permitted in bourgeois democracies.

SUBSCRIPTION INFORMATION

DAILY REPORT volumes are published Monday through Friday in both paper version (mailed daily) and microfiche version (mailed weekly). The annual subscription fee for the paper version within the United States, Canada, and Mexico is $150 for any one volume and $50 for each additional volume. This includes occasional supplements. In microfiche the fee is $100 for any one volume, $125 for two volumes, $150 for three, $200 for four, $250 for five, $300 for six, $350 for seven, and $400 for all eight volumes. Foreign subscriptions outside North America are available from appointed foreign dealers or from NTIS. For information contact NTIS. U.S. government officials may obtain subscriptions at no charge directly from FBIS. Phone 527-2368 (area code 703) or write P.O. Box 2604, Washington, D.C. 20013.

The volumes are: I - People's Republic of China; II - Eastern Europe; III - Soviet Union; IV - Asia & Pacific; V - Middle East & North Africa; VI - Latin America; VII - Western Europe; VIII - Sub-Saharan Africa. Back issues or single copies are not available. Allow 30 days for processing new subscriptions. Mail remittances, inquiries, and address changes to the NTIS address below.

Note: The publications of the Joint Publications Research Service (JPRS), which are sometimes cited in the DAILY REPORT, can also be ordered from NTIS in single copies or by subscription. In ordering, please cite the JPRS title, number, date and author if applicable.

Both the DAILY REPORT and JPRS publications are on file for public reference at the Library of Congress and at public and university libraries throughout the United States.

NTIS

National Technical Information Service
U. S. DEPARTMENT OF COMMERCE
Springfield, Virginia 22151

90
50